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NEWS SUMMARY

GENERAL

Olympic ruling angers athletes

British athletes reacted angrily to the Government's decision to ban civil servants' special leave for the Moscow Olympics.

Athletes who could be affected by the move include long jump star Sue Reeve, runners Brendan Foster and Bernie Ford, shot-putter Geoff Capes and the modern pentathlon team.

The Government also said it would be joining the U.S. and Australia to discuss alternative games sites at a meeting on Monday. Parliament, Page 12

Debts pledge

Independent Zambabwe will bonour the debts of the previous Rhodesian Government provided they are not directly attributable to arms purchases, Premier-elect Robert Mugabe said. The external debt is estimated at about £250m. Back Page

PLO recognised

Austrian Government became the first in Western Europe to grant official status to a Palestine Liberation Organisation diplomat. Page 6

Oil tax backed

House of Representatives accepted proposals to tax oil companies' windfall profits. They now need only final Senate approval and President Carter's signature.

Iran elections

Parliamentary elections in Iran today are not expected to give President Bani-Sadr the clear result he wants in his campaign for unified Government. A second round will probably be needed to decide the 270 seats. Page 6

Transplant funds

The Robinson Charitable Trust is to provide £300,000 to fund heart transplants at the Papworth Hospital, Cambridge, until the end of 1982. In the Commons MPs heard that the Government was willing to grant £100,000 aid. Men and Matters, Page 22

Police chief jailed

Head of South Wales police driving school, Chief Insp. Mansel Abraham, 45, was jailed for nine months after being found guilty of causing death by reckless driving.

Ford cleared

Indiana jury found that Ford Motor was not responsible for the deaths of three teenage women whose Ford Pinto car burst into flames after being hit from behind.

Mao tomb threat

Chinese leadership plans to discredit Mao Tse Tung by tearing down his mausoleum and moving his body to a humbler resting place, according to a report in the Far Eastern Economic Review.

Hunt for the hum

Noise experts are planning to spend a night stalking the "Bristol hum" in a final bid to trace the low frequency noise which has plagued many residents with sleepless nights for two years.

Briefly . . .

President Tito remained in a serious condition, and appeared to be on the brink of death, officials said.

Two robbers and a policeman were killed in a gun battle during a bank raid on the outskirts of Zurich.

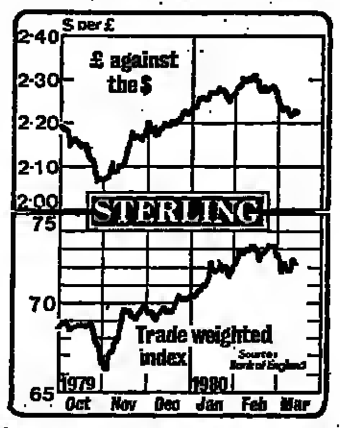
British School of Motoring is backing Thalidomide victim Ronnie West, 18, in his bid to compete in go-kart racing.

BBC Northern Ireland Orchestra busked in a Belfast street in protest at BBC plans to axe it.

BUSINESS

Strong $ hits £; Gold $32 lower

● DOLLAR rose to SwFr 1.7425 (SwFr 1.7290) its highest since July, 1978, and DM 1.8210 (DM1.8070) its highest since last September. The $ index rose to



87.8 (87.4). STERLING, although generally firm, lost 1.15 cents against U.S. currency closing at $2.2230. Its index eased to 72.2 (72.5).

● GOLD fell $32 to $555.50 in London.

● EQUITIES rallied led by oil shares and encouraged by other company results in higher turnover. The FT 30-share index rose 2.1 to 447.0 although Gold Mines lost 11.3 at 299.5.

● GILTS drifted and the FT Government Securities Index edged up 0.02 to 64.10.

● WALL STREET was 4.61 lower at 814.93 shortly before the close.

● SHARE of imports in total home demand for manufactures rose in the two years to September 1979 from 24.3 per cent to 25.7 per cent, Department of Industry analysis shows. Page 8

● BRITAIN has complained to the European Commission and Spain over the imbalance in the car trade between Spain and the UK.

● CHEMICAL INDUSTRY investment in UK fell last year to £1.090bn from £1.097bn in 1978 and is expected to fall another 14 per cent this year, an industrial survey states. Page 9

● CONSUMER and environmentalist groups today launch an attack on the Government's energy conservation plans in a letter to the parliamentary select committee on energy. Page 10

● U.S. seems certain to increase its aid for Turkey from $200m to $300m and West Germany is expected to make a similar move. Page 3

● BANKING, Insurance and Finance Union has rejected the offer of a 17 per cent pay rise by the main clearing banks. Page 12

COMPANIES

● UNITED BISCUITS (Holdings) are asking shareholders to subscribe almost £35m by a rights issue to help finance expansion. Pre-tax profits for the year to December 29, 1979, rose to £43.7m (£42.2m). Back Page and Lex; Page 25

● ULTRAMAR Company, the petroleum group, has doubled its pre-tax surplus for 1979 to £75.4m on sales of £1bn (£595.1m). Page 24 and Lex Back Page

● CADBURY SCHWEPPES pre-tax profits for 1979 rose to £57.3m (£48.2m) and the chairman says profit would have been £2m higher but for currency fluctuations. Page 24 and Lex, Back Page

● SEA CONTAINERS, one of the world's largest container and ship-leasing companies, is to sell more than a third of its ships and possibly its London hotel interests. Back Page; Property news, Page 36

● THYSSEN of Germany reports 1979 profits of DM 167m (£41.6m) from DM 100m (£24.9m) while turnover rose 8 per cent. Page 29

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			MFI Furniture	84	− 5
Treas. Variable '81	£96⅞	+ ¼	United Biscuits	79	− 8
Treas. Variable '83	£91⅛	+ ⅛	Cons. Gold Fields	478	− 20
Channel Tunnel	233	+ 73	Cons. Gold Fields Aust.	325	− 25
Furness Withy	378	+ 8	Doornfontein	500	− 58
Gestetner "A"	80	+ 4	Durban Deep	£12	− 1
Harris & Sheldon	38½	+ 2½	Harmony	831	− 62
ICI	370	+ 8	Impala Plat.	270	− 16
Lovell (Y. J.)	116	+ 8	Oiler Expln.	70	− 12
Royal Worcester	216	+ 8	RTZ	372	− 13
BP	366	+ 12	Rustenburg Plat.	230	− 22
Ultramar	522	+ 22	Samantha	72	− 10
FALLS:			Southvaal	940	− 60
Bass	214	− 5	Western Deep	£15¼	− 1
HTV	91	− 5			

Route rejections anger independent airline chiefs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

The Civil Aviation Authority has angered Britain's independent airlines by rejecting almost entirely their plans for cheap-fare routes to the Continent.

The CAA, giving judgment on the biggest series of application for new shorthaul routes it has yet considered, gave only six routes to British Caledonian, out of 20 asked for. It rejected everything sought by all the other independent airlines.

The right of British Airways, the State airline, to run scheduled services from Heathrow and Gatwick to Luxembourg, Pisa, Venice, Bordeaux and Biarritz, and from Heathrow to Stuttgart, were confirmed.

Laker Airways was denied any of the 666 routes it sought, including rights out of Gatwick to 35 Continental cities, and many intra-European routes.

Brittannia Airways was refused permission to offer scheduled service tickets at cut rates on up to 50 per cent of the seats available on its holiday charter flights between 20 UK and more than 60 Continental destinations.

The CAA threw out the more modest applications of Air UK for additional routes from Gatwick to Milan, Turin, Geneva and Hamburg.

Mr. Adam Thomson, chairman of British Caledonian, which has been given rights only to Helsinki, Vienna, Cologne, Hamburg, Hanover and Stuttgart, said last night he was "disappointed" by the decision, in which the principal loser would be the consumer. The airline will appeal against it.

But British Caledonian believes the Government will have difficulty in winning reciprocal rights for the German routes against stiff opposition from Lufthansa.

Sir Freddie Laker, chairman of Laker Airways, said he would appeal immediately to Mr. John Nott, Secretary for Trade. He was prepared to take the matter to the European Court if necessary.

"It is now up to Mrs. Thatcher and her Government," be said. "Do they believe in competition and free enterprise, with businessmen backing their ideas with their own money, or do they not?"

Sir Freddie said the CAA's decision called into question the Government's policies on consumerism, individualism and competition.

"The miserly granting of a few routes to British Caledonian is yet another example of the CAA's blind devotion to regulation and to the International Air Transport Association cartel.

"We know, and everyone knows, that if you have deregulation of air fares the number of people working for airlines goes up, the number of passengers goes up, air fares come down, and business improves for hotels and other people."

The CAA said Laker had not submitted enough evidence in support of its bid. It had "no real basis on which to judge the economic consequences of the application."

The CAA did not accept Laker's contention that the Treaty of Rome overrode the CAA's rights and duties under the Civil Aviation Act, 1971.

Laker had said present EEC rules obliged the CAA to grant it rights to Continental routes. But the authority's response is that if this argument were valid "the CAA's present licensing system would itself be redundant and the Laker application itself superfluous."

Editorial comment, Page 22

BP's after-tax profits soar to £1.6bn

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM'S after-tax profits last year soared to £1.6bn, nearly four times the group's income in the previous year.

The increase in profitability is the largest so far reported by major energy companies whose earnings have been boosted by rising oil prices.

But like the Royal Dutch/Shell Group, which last week reported a net income of more than £3bn, treble 1978 results, BP claimed that the figures were grossly misleading.

It said that much of the increase was a "paper profit," caused by inflation.

Current cost accounting figures show that after allowing for inflation BP's profits last year would have been £602m, giving a return on capital of 9.7 per cent, as against £219m with a 6.5 per cent return in 1978.

On a historical cost basis BP's results provided a 24.9 per cent return on capital, more than double the comparable return in 1978 (11.2 per cent).

The group, whose gross revenue rose to £22.7bn in 1979, said that during the five years 1979-83 it would be investing about £6.5bn.

This capital expenditure was quite apart from the investments that would be made by BP's U.S. affiliate, Standard Oil of Ohio (Sohio).

It was expected that about £500m annually would be spent in the UK, particularly in the

Continued on Back Page
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How Oil Prifits Have Soared**

	GROSS REVENUE		NET INCOME		
	1978	1979	1978	1979	%
	£m	£m	£m	£m	Increase*
Exxon	33,800	39,745	1,439	2,024	55.4
Standard Oil of California	12,815	14,984	620	843	50.4
Texaco	15,171	18,423	444	848	111.3
Mobil	19,446	22,589	589	947	77.7
Gulf	10,362	12,317	409	622	68.2
Royal Dutch/Shell	29,212	34,830	1,086	3,051	180.9
British Petroleum	17,560	22,706	444	1,621	265.1

U.S. figures calculated at £1=11.9197 for 1978 and £1=12.1223 for 1979.
* Calculated in original currency.
** Before adjustments for current cost accounting or stock appreciation.

Bonn 'crisis' warning to Britain

BY JOHN WYLES IN BRUSSELS

BRITAIN was told by Herr Gispert Poensgen, West German Ambassador to the European Community, yesterday, that if it did not bring its thinking on the EEC budget problem more into line with its partners the Community was heading for a crisis.

This unexpectedly tough West Gerfman line emerged at a meeting of the Committee of Permanent Representatives of the Nine, which offered the strongest evidence so far of the stiff negotiating positions being developed by the other eight EEC Governments.

As a result, Britain's prospects of getting a satisfactory solution to claims for a reduced net contribution to the EEC budget appeared last night to have faded.

The meeting was not totally negative for the UK.

The tough French declaration on Wednesday, restated by the French Ambassador yesterday, that France might refuse to discuss the British problem at the summit, received no support.

The Commission, through Mr. Emile Noel, its Secretary-General, defended itself against France's allegation that it failed to provide "formal proposals for dealing with the British problem."

Several delegations indicated during the discussion that they saw the Commission's plan to boost Community spending in the UK as the possible basis for a solution.

But a long and occasionally tense discussion confirmed that there was far more than an Anglo-French dimension to Britain's battle for a major cut in its budget payments.

The rising level of irritation with Britain's approach was obvious.

Discontent focused on proposals outlined by Sir Michael Butler, the UK Ambassador, for ensuring that Britain's budget burden, expected to be at least £1.2bn this year, would be lightened for as long as the problem lasted.

For the first time the UK revealed that it wanted an lasting at least six years. Sir Michael suggested that once a revised net contribution to the UK was agreed the figure should be used as a basis for determining British payments in subsequent years.

Politics Today Page 22

Education defeat in Lords for Ministers

By Richard Evans, Lobby Editor

THE GOVERNMENT'S controversial proposal to introduce charges for school transport was thrown out by the House of Lords yesterday in a humiliating reverse for Mrs. Margaret Thatcher.

A combination of Labour, Liberal, Cross Bench and rebel Tory peers rejected the clauses in the Education Bill which would have imposed the charges by 216 to 112, a majority of 104.

The defeat, backed by Lord Butler, former Tory Education Minister and architect of the 1944 Education Act, and the Duke of Norfolk, the leading Roman Catholic peer, was far heavier than ministers had expected.

The Duke claimed the charges would break promises to people in rural areas and to people with children at denominational schools.

Mr. Mark Carlisle, Secretary for Education, also watched the debate from the steps of the Throne, said afterwards that he and his Cabinet colleagues would have to consider future tactics.

A widespread view in the House of Commons was that the charges will probably have to be dropped. They would have saved between £20m and £30m.

The Cabinet's options are to reintroduce the charges when the Bill returns to the Commons before Easter, or attempt to find the savings elsewhere in education.

Mr. Carlisle has warned that the only alternative would be for local authorities to cut spending on books and teaching.

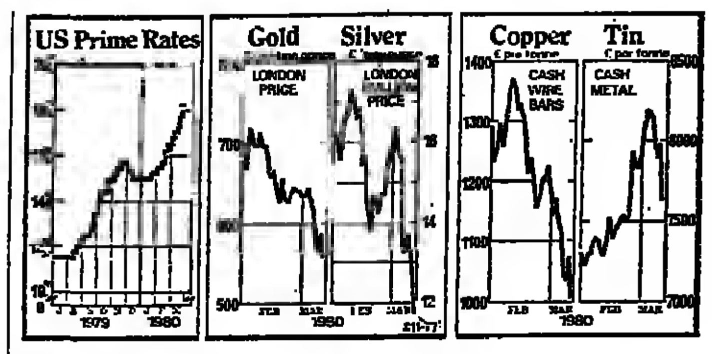
The charges first emerged as a major political issue in the Commons when a group of Tory MPs voted against the Bill because of the effect on families in rural areas.

The protests were then taken up by a formidable grouping of Catholic peers and peers with rural interests.

In an attempt to head off a revolt Mr. Carlisle had proposed amendments which would limit the charges to two children in a family. But this was clearly not enough.

Although the savings lost are not large the defeat will have a considerable psychological impact on the Government. Ministers have found it increasingly hard to find suitable areas in which cuts can be made and it will be difficult to make up the loss.

Parliament Page 12



Chase raises prime to 18¼%

BY STEWART FLEMING IN NEW YORK

THE PRIME lending rate at U.S. commercial banks began to move to a new peak yesterday as Chase Manhattan Bank, the third largest in the U.S., raised its prime from 17¾ per cent to 18¼ per cent.

The White House is expected to issue this evening its long-awaited package to curb inflationary expectations and thus interest rates.

Continental Illinois National Bank and Wells Fargo Bank of California quickly followed suit, ignoring the risk that such steps might be considered a snub to Washington ahead of Mr. Carter's package.

Chase said strong loan demand and the rising cost of its own funds were the only factors behind the decision, adding: "Even at 18¼ per cent this rate is below what the bank is paying for funds."

The clear implication is that, unless money market rates ease, further rises can be expected.

Some bankers pointed out that timing a prime rate move now is particularly difficult since action immediately in the wake of President Carter's inflation package could also seem provocative.

The increase comes less than a week after Citibank led the way to a 17¾ per cent prime and said it was holding back from a bigger rise partly because of the President's impending announcement.

As the days have passed Wall Street has begun to doubt that the administration's proposals will significantly change inflationary expectations. With every increase in the prime fears grow about the impact of expensive money on the corporate sector, particularly because of the evidence that financing opportunities for companies are narrowing. The long-term bond-market in particular has been badly hit.

● Anticipation of a stern package from President Carter spurred the dollar to fresh gains yesterday. It rose to DM 1.8210, its highest level against the D-mark for six months, from overnight DM 1.8070.

Against the Swiss franc it reached a 20-month high of SwFr 1.7425 (SwFr 1.7290). Central bank intervention to hold down the dollar's strength was more restrained than last week.

Sterling lost ground to $2.2230 ($2.2345) but was fairly steady against continental currencies.

Germany to relax capital import curbs, Back Page

Fresh fall in metals

BY JOHN EDWARDS, COMMODITIES EDITOR

HIGH INTEREST rates prompted a fresh wave of speculative selling in the metal markets yesterday. The prices of many metals fell sharply just when they appeared to be rallying from the severe losses on Monday.

The high interest rates discourage speculators by making the cost of borrowing money to buy metals prohibitive. At the same time, speculators are finding a more attractive, safer return from investing in money itself.

Gold dropped by $32 to $555.50 a fine ounce. This is the lowest level since the spectacular upsurge started at the end of December, which took the price up to an all-time peak of more than $850.

The fall in silver has been equally dramatic. After climbing to a record level of more than £21 an ounce, it is now back to below £12.

The spot price at the bullion market morning fixing yesterday was cut by 113.95p to 1,212.65p a troy ounce. Values fell further in the afternoon, with the market closing at about 1,117p — a decline of about 200p on the previous close.

Details Page 39

£ in New York

—	Mar. 12	Previous
Spot	$2.2332-2342	$2.2260-2270
1 mth	0.22-0.17 dis	0.05 dis-nil
3 mths	0.08-0.03 dis	0.25-0.30 prem
12 mths	0.75-0.60 dis	0.20-0.15 dis

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MOUNTING PROBLEMS DIM SETTLEMENT HOPES

Bonn gloomy on UK budget issue

BY JONATHAN CARR IN BONN

WEST GERMAN Government officials believe prospects are very poor for an accord on the problem of Britain's contribution to the EEC at the European Council meeting on March 31 and April 1.

Chancellor Helmut Schmidt and President Valery Giscard d'Estaing of France are expected to raise this issue, among others, in talks at Herr Schmidt's Hamburg home on Sunday evening. But at present the best hope in Bonn is that the Brussels meeting could at least point the way to settlement, which would then be confirmed at the next European Council in Venice on June 12 and 13.

The issues are so complex and the time for full preparation so short that some officials have even considered recommending that the Brussels meeting be postponed on grounds that the European Council should not twice consider the same problem and fail to solve it.

However, it is agreed that postponement in itself would be seen as an admission of failure. At the European Council in Dublin last November Britain sought unsuccessfully to obtain a "broad balance" between its EEC receipts and payments. It noted that otherwise it would be making a net contribution of about £1.2bn this year, although it is one of the poorer member states in per capita income terms.

The West Germans recognise that Britain has a good case for a cut in its net contribution and that it has dropped its "broad balance" demand. But they say the situation is now even more difficult in some ways than it was before Dublin.

First, new European Commission figures indicate Britain's EEC bill this year may be bigger than feared even a few weeks ago, thus increasing the size of the problem. Meanwhile, the financial burdens on some other member states—including West Germany—have increased too, limiting the room for manoeuvre.

The Bonn Government now faces a supplementary budget of close to DM 2bn (£500m) because of extra defence and other expenditure mainly arising from the Afghanistan crisis. Even in advance of the general election this autumn, the Government is turning down social expenditure schemes at home being urged on it by members of the ruling parties on grounds the finance is not available.

Secondly, the repercussions of Afghanistan and Iran have been dominating policy at the highest level and the British budget problem, although recognised as important, has been driven into the background. Herr Schmidt's brief call on Mrs. Margaret Thatcher, the British Prime Minister, in London on February 25 was made partly in an effort to move the budget problem along. But it is understood that it did not bring a solution closer.

Third, the French are felt in Bonn to be taking an even tougher line on the budget issue. They have produced in Bonn a document detailing the extent to which they feel Britain benefits from North Sea oil and insist that any accord on the budget must also include an EEC lamb regulation which would benefit their farmers.

The West Germans are very unhappy about French defiance of a European Court decision on lamb which they feel sets a dangerous precedent. They also feel that recent public statements in Paris on the budget issue do not make a compromise with Britain easier.

They recognise, however, that the closer the French come to their own elections—due early next year—the harder it will be for President Giscard d'Estaing to give way to the British.

Machine builders set for expansion

By Kevin Done in Frankfurt

WEST GERMANY'S machinery building industry, the most important export sector, is confident of outpacing the general expansion in the West German economy this year and is looking for a real growth in production of at least 3 per cent.

The main impetus is again expected to come from the domestic economy, however, with exports barely holding the level reached last year.

Production showed a real increase last year of 5 per cent, while the industry's total sales rose by 7 per cent to DM 110.8bn (£27.6m).

The growth in production of 5 per cent was the best performance since 1970 and allowed the sector to operate at 87 per cent of capacity. Short-time working disappeared virtually throughout the industry and many companies have been unable to expand their workforces as fast as they would like because of a shortage of skilled workers.

Expansion of activity is holding up well into the current year. New orders increased in January by 12 per cent compared with the same month a year ago. During the whole of 1979 new orders from the domestic market rose by 11 per cent, while orders from foreign customers showed a slower growth of some 5 per cent.

Exports last year amounted to DM 56.3bn, 18 per cent of the republic's total exports of manufactured goods, but the rate of export growth slowed to a real increase of only 1 per cent (4 per cent in value).

The industry believes it has not lost any market shares as a result of the slow-down in exports, rather that there has been a weakening in several important markets, which has hit all major exporters.

Sales to Eastern Bloc countries fell by some 20 per cent to DM 4.5bn. The decline was a result of falling orders associated with the end of a five-year planning cycle in the Eastern Bloc together with a lack of foreign exchange.

Since the Russian invasion of Afghanistan it has been "business as usual" in principle, Dr. Fürstenau, director of the German Machinery Building Federation, said yesterday.

However, in recent weeks there had been delays in gaining export credit guarantees for business with the Soviet Union. It was proving impossible to gain permission to export certain computer equipment for use in plants that were already under construction.

West German output, orders rise despite forecast of slowdown

BY ROGER BOYES IN BONN

WEST GERMANY'S latest industrial production and order figures give little sign of the widely predicted slowdown in the economy. Both figures, issued by the Federal Statistics Office, are at the high, stable level of 1979 when Germany experienced an upturn in most industrial sectors.

According to the preliminary figures, orders to manufacturers in January increased by 3.5 per cent over December 1979, with a 6 per cent rise in orders from abroad and demand from German customers up 2.5 per cent. In the December-January period manufacturing orders were up by 8.5 per cent on the same two months of 1978-79, with foreign demand again playing the stronger role but domestic orders showing a healthy 7.5 per cent rise. Consumer goods demand rose by 12 per cent over the same period and demand for capital goods by 4.5 per cent.

Flagging demand for capital goods appears to be the first sign of a more general slowdown. The December-January advance was 2.5 per cent less than that for October-November 1979, though this is a relatively small drop from the very high order levels throughout last year.

Most economic research institutes agree that industrial investment will remain strong in the first half of the year, ensuring that orders for capital goods do not fall sharply.

Production marked time in January compared to December 1979 with the notable exception of the construction industry which registered a drop of 7 per cent, reflecting the bad weather at the turn of the year. In a year-on-year comparison, production was still well ahead of the December-January 1978-1979 period. Capital goods output was up 6.5 per cent and consumer goods production rose by 4 per cent. Overall output in the manufacturing companies was up 7 per cent.

Economic issues dominate Baden-Wuerttemberg poll

BY OUR BONN STAFF

THE SWABIANS of South-west Germany have a healthy and inalienable respect for money and work. This long-standing character trait — sometimes callously portrayed as meanness —has played a key part in the Baden-Wuerttemberg state election campaign which reaches its climax this weekend.

Baden-Wuerttemberg, homeland of the Swabians, is expected to return Herr Lothar Spaeth as the Christian Democrat state Premier in Sunday's vote. He is defending a majority of 56.7 per cent against the Social Democrats who were unable to secure more than 34 per cent of the vote in the last state election in 1976.

For this reason alone, the state voting cannot really be regarded as a barometer for the West German Federal Parliamentary Elections later this year. But, along with state elections over the next two months in the Saarland and North Rhine-Westphalia, it should provide some important indications.

Will the "Greens," the small but noisy Ecology Party, be able to win a seat in the Baden-Wuerttemberg state parliament? If it does manage to cross the 5 per cent barrier (the statutory minimum vote for parliamentary representation), it will clearly consider contesting the general election and could prove an important factor in the balance of power. Will Herr Erhard Eppler, the Social Democrat leader, who comes from the left-inclined anti-nuclear wing of the party, be able to stop the erosion of his party's support in the state? Its share fell by 4 per cent at the last election.

Meanwhile, the Free Democrat party, the junior member of the ruling coalition nationally — has made clear it will not ally itself with the Baden-Wuerttemberg Social Democrats, presumably because it sees too many policy differences with Herr Eppler.

This at least gives the Free Democrats a chance to establish a separate identity and to bang on to its 7.8 per cent share of the vote. For the good of the cause, Herr Hans Dietrich Genscher, the Foreign Minister and party chairman, has been campaigning up and down the state.

But despite his solid presence, the talk has been less of Afghanistan and more of tax reform, the need for economic stability and public spending cuts. This is all music to the ears of the Swabians who have the highest savings ratio in West Germany.

Norway oil tax plan 'will cut return 30%'

By Fay Gjester in Oslo

NORWAY'S proposed oil tax scheme will cut the return on capital invested in the Anglo-Norwegian Statfjord field to 15.6 per cent, from 23 per cent under the present tax system, given a crude oil price of $33 a barrel, according to Mr. Harold Inman, managing director of Mobil Exploration Norway.

Mobil is the operating company on Statfjord, which came on stream late last year. The field, containing both oil and gas, is one of the biggest in the North Sea, with exploitable reserves of about 350m tonnes of oil equivalent.

After costs, a 15.6 per cent return on capital invested would leave Mobil with only about 3.5 per cent to cover other risks — "obviously too little," Mr. Inman said. Unless oil companies could expect a return of about 25 per cent on the good fields, they would have no incentive to takle development in the North Sea at all.

With a 25 per cent return on some fields, they could cope with others yielding only 15 per cent — "but not otherwise." Mobil had told the Norwegian Government that it regarded the proposed tax scheme as "somewhat unreasonable."

The proposals, intended to scoop up windfall profits due to oil price rises, have been discussed with the oil companies and may be altered slightly before they are submitted to the Storting (Parliament), probably next week.

As they stand, they would raise the State take from offshore oil and gas production to an average 80-85 per cent compared with about 70 per cent now.

The proposals have been criticised by several North Sea companies, some of which have threatened to shelve plans to develop marginal fields.

The Storting yesterday again discussed the Labour Government's controversial plan to allow petroleum drilling in the fish-rich waters off Norway's northern coast, starting in May.

A proposal by the smaller Opposition parties that the debate should be postponed, pending a study of fishermen's rights in these waters, was defeated by 97 votes to 29.

The Conservatives, the biggest Opposition party, supported the Government. They were expected to vote with them at the end of the debate, thus ensuring that drilling in the North gets under way this summer.

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Haughey in talks with Giscard

By David White in Paris

THE IRISH Prime Minister, Mr. Charles Haughey, brought up the question of a Northern Ireland settlement during talks with French leaders here yesterday in what was seen as the beginning of a campaign among Ireland's EEC partners.

But French officials played down the issue in an effort to avoid trespassing on what is regarded as essentially a British concern.

Before his visit, his first official trip abroad since taking over the premiership from Mr. Jack Lynch last December, Mr. Haughey said he would seek help in persuading Britain of the need for a settlement.

Luncheon talks with President Valery Giscard d'Estaing and discussions with M. Raymond Barre, the French Prime Minister, also focused on the two issues on which France is currently in confrontation with Britain — the UK contribution to the EEC budget and the dispute over sheepmeat trade.

Soviet Union expected to make up most of embargoed grain

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION is now expected to make up all but 3-4m tonnes of the U.S. grain embargoed by President Jimmy Carter and Western experts believe there is little likelihood of widespread distress slaughtering such as took place after the harvest failure in 1975.

The experts said, however, that the U.S. embargo will force some extra slaughtering of livestock and the recently imposed ban on exports of super-phosporic acid will prevent progress in Soviet agriculture as long as it is in effect.

Moscow is now expected to import successfully between 27m and 28m tonnes of the 30.3m tonnes of grain which was regarded as its export requirement for the agricultural year July 1979 to June 1980.

The U.S. Department of Agriculture has changed its estimate of probable Russian grain imports several times recently but the Soviet Union is now expected to make up 17m tonnes of embargoed U.S. grain with imports from Argentina, transshipments of U.S. grain through Western Europe, and imports from Eastern Europe, India and Thailand.

The ban on super-phosphoric acid exports, however, may be harder to remedy, although its serious effects may only be felt in the long run. Occidental Petroleum had signed a contract to export 1m tonnes of superphosphoric acid to the Soviet Union in 1980 as part of a giant 20-year compensation agreement. The super-phosphoric acid is to be used in making highly efficient liquid fertiliser.

The Russians presently produce only enough fertiliser to fertilise 51 per cent of their grain crop. They use relatively inefficient granular fertiliser and the improvement of fertilisation through super-phosphoric acid-based liquid fertilisers is considered to be the fastest way to improve their grain yields.

Reflecting a tight feed situation, livestock slaughtering during January and February increased 11 per cent and 13 per cent, on the same two months last year. However meat production later in the year is not expected to drop below last year's total of 15.5m tonnes as would have been the pattern if grain shortages had forced large scale slaughtering to continue.

There was a better winter for the wheat crop this year, with a smaller winter kill than last year, but even with successful imports and a good harvest, the U.S. grain embargo will have frustrated the Soviet goal of increasing its livestock herds—which grew by 1 per cent in 1979 and 3 per cent in 1978—and of achieving an increase in meat production, which was to have reached 16m tonnes this year.

Balkans fear the Russian sense of adventure

BY PAUL LENDVAI IN VIENNA

THE BALKAN powder-keg is alive with a sense of change and foreboding. The Soviet invasion of Afgbanistan, well-orchestrated leaks from Bucharest about massive Soviet pressure on outspokenly independent Romania, a key visit to Bulgarla by the Warsaw Pact's Russian commander, and loud complaints from Yugoslavia about large and unannounced military manoeuvres in "neighbouring countries" have fuelled the tension in the area, a traditional flashpoint of European politics.

Soviet press attacks on a aenior Austrian general, wbo raised the delicate isaue of securing more equipment for bis country's armed forces, bave also increased Vienna's apprehension about Soviet attitudes to the small countries of central and south-eaat Europe.

The key question obviously is still wbether the Russians will intervene in Yugoslavia after the death of President Tito. Bnt there are other issues and other concerns.

One concern was exemplified by a high-ranking East European visitor to Vienna recently, who told an Austrian Cabinet Minister: "The Soviets feel strong, perbaps too strong now. After Afgbanistan it is not sure whether caution will prevail over the sense of adventure."

Romania's concern about Soviet intentions was underacored by tba demands made during last month's "friendship visit" hy Mr. Andrei Gromyko, the Soviet Foreign Minister. They were almost an ultimatum.

The conventional wisdom has always been that, short of open invasion, Moscow could not contain Mr. Nicoloe Ceausescn's independent course, and that the wily Romanian leader always knew when to stop short of an unforgiveable provocation.

That assessment may have to change, in the light of the reports about Mr. Gromyko's visit to Bucharest. He Is said to have demanded what amounted to a renunciation hy Romania of its Independent foreign policy.

The Kremlin is also thought likely to use the forthcoming 25th anniversary of the signing of the Warsaw Pact, on May 14, not only to demonstrate the facts cohesion and "fraternal solidarity," hut also to make another attempt to set up a Soviet-controlled unified command, in the style of the North Atlantic Treaty Organisation. This idea, which Romania firmly rejected in the mid-1960s, would automatically pre-empt Romania's control over its own army.

Although Romania is the only Eastern European country in whicb neither Sovlet troops nor Soviet "advisera" are stationed, its 140,000-strong army, whose Soviet equipment is bacoming increasingly obsolata, is no motch for Russia's Red Army. The 830-mile border with the Soviet Union across the wide open spacea of Moldavia and Bessarabia, the virtually indefensible 150-mile Black Sea coast, and 700 more miles of border with Hungary and Bulgaria offer the Russians an almost ideal opportunity for a swift and successful attack.

Since Afghanistan the small Balkan states feel increasingly vulnerable. Romania is under intense Soviet pressure to conform, Yugoslavia is facing a difficult time after Tito's death, and even Albania is trying to improve relations with former ideological foes.

The usual argument against such an intervention is that nothing in Mr. Ceansescu's grim domestic policies could alarm the Soviet Union. But an article in the authoritative Moscow weekly Novoye Vremya has widened the concepts of the "Brezhnev doctrine" (on the limited sovereignty of Communist countries) extending hy implication the justification for Soviet intervention to include countries heset hy popular nnrest—even countries outside the East hloc.

As long as Romania is ruled hy a fiercely independent-minded party, Yugoslavia can concentrate on its eastern flank —Bulgaria—and, to a lesser extent, on the northern border with Hungary. Belgrade was informed almost immediately about the latest Soviet pressure on Romania. Mr. Ceausescu personally alerted Mr. Dusan Dragosavac, the current Yugoslav party presidium secretary.

Great danger also lies in any Soviet attempt to exploit old *minority and territorial conflicts* to strike at the small Balkan states. Relations could be inflamed overnight by Hungarian interest in Romanian Transylvania, Bulgarian ambitions in Yugoslav Macedonia, or even Albanian claims to Yugoslovia's Kosovo area, which bas an ethnic Albanian majority.

Publicly and privately, the Yugoslav leadarship regard Bulgaria as the greatest danger. They see it as a launching pad for a Soviet offensiva. It is a pivot of the Balkans, bordering two Atlantic alliance states—Greece and Turkey — and sharing a 325-mile border with Yugoslavia and a 377-mile frontier with Romania, including 292 miles along the Danube.

A spate of recent Yugoslav articles accused Bulgaria of barhouring territorial aspirations against Yngoslavia, and of suppressing its Macedonion minority. In turn, Mr. Todor Zhivkov, Bulgaria's party leader and President, has said relations with Greece and Turkey were "very satisfactory," but those with Yugoslavia could he "more active and more comprehensive."

He specifically accused the Western media of using President Tito's Illness as a pretext to launch "hase insinuations and speculations against the Soviet Union and Bulgaria." As a rule, of course, rumours about Bulgaria originate in Belgrade or Skopje, in Yugoslav Macedonia.

There are no Soviet troops in Bulgaria, but there are several thousand Russian experts and advisers. Yugoslav defence experts regard tbe car ferry hetween Varna, on Bulgaria's Black Sea coast, and Ilicbavsk, in tha Soviet Union near Odessa, as strategically important: each ferry is able to transport 1S0 T-62 tanks.

Yugoslav and Western defence experts also aay Russia bas stockpiled ammunition and beavy equipment, including tanks and vehicles, in Bulgaria, which they could draw on to launcb an attack in any direction.

In contrast to the Yugoslav and Romanian air forces, which rely on Sovlet MiG-21s, Bulgaria is already said to have some of the more advanced MiG-23s, according to the latest Military Balance report by the International Institute for Strategic Studies.

It is also significant that the isolated and fiercely nationalistic Albania, which hroke botb with Moscow ond later Peking, has now pledged solidarity and co-operation with both Yugoslavia and Greece. Althougb ideologically worlds apart, the Albanlans have given notice that "they will fight side hy side with the Yugoslavs against the common enemy as they have done in the past." The Belgrade newspaper Borba praised the Alhanian statement as an important contrihution to strenghening peace and security.

Alhania, with a population of some 2.8m, has minute armed forces, numhering only 43,000, but Its 290-mile Yugoslav border and its Adriatic coast, where Russia had a suhmarine hase at Vlora until 1960, give It a disproportionate strategic significance. This is the hackground to recent overtures from Moscow aimed at a kind of political normalisation with Tirana.

BONN WILL MATCH $300M PLEDGE

U.S. likely to step up Turkish aid

BY JONATHAN CARR IN BONN

THE UNITED STATES seems virtually certain to increase markedly its contribution to the international aid effort for Turkey which Is being organised hy the West Germans. Word of the U.S. move, which would raise Washington's share from $200m to $300m, is being greeted with great satisfaction in Bonn and means that the West Germana plan to raise their own stake to match.

It is felt that prospects are now increased of a good result at the Turkish aid-pledging conference of the OECD countries in Paris on March 26, when the U.S. and West Germany together are likely to put up obout balf the total sum.

The OECD'a new Turkish aid effort would thus surpass the sum of less than $1bn pledged in 1979, and Bonn is aiming for aid programmea of a similar size over the next few years as well.

These OECD sums will be in addition to help from other sources—including the International Monetary Fund and the World Bank—and are aimed at giving the Ankara Government essential support for its own moves to put the Turkish economy in order.

West Germany sees the operation aa of even greater political and strategic importance because of the crises in Iran and Afghanistan which have exposed further the south-eastern flank of the Atlantic alliance.

With the strategic issue in mind, Bonn is also to provide military aid to Greece as well as Turkey, helping to preserve a balance In the eastern Mediterranean and urging that the two countries renew their efforts to solve long-standing problems, for example over the Aegean.

Despite its insistence on the operation's importance, Bonn has long made clear that it would not put up more aid tban the U.S. Psychologically, the West Germans do not wish to appear to he leading the West on the issue, even if tbey are doing the organising, and financially they do not want to set a precedent.

Herr Hans Matthoefer, the Finance Minister, was initially disappointed tberefore to find in Washington last week that the U.S. preoccupation with inflation and holding down hudgetary expenditure seemed to he jeopardising the size of the Turkish effort.

The U.S. was ready to put up only $200m from its budget, meaning that the West Germans would bave matched only this sum — and that other countries *might* be less willing to be generous.

This seemed doubly disturbing to Bonn since President Carter had assured Chancellor Helmut Schmidt in January that he felt the Turkish aid effort to be of great importance and had praised Bonn for its efforts.

The upshot is that the U.S. Administration says it will produce another $100m tbrough the Export-Import Bank. As this credit must he offered at close to market conditions, the U.S. *will seek to make the conditions* for the other $200m even easier than had heen expected. Congress must be informed of the operation, but Bonn is sure tbat the U.S. Administration will stress heavily the importance of the aid effort.

Behind the scenes in Bonn there has been irritation at the way in wbich pledges for Turkey made in 1979 did not translate themselves speedily into cash. At the end of last year only West Germany ($215.3m), Switzerland ($30m) and Norway ($11m) had met their pledges in full. Some countries had paid nolhing, partly because the conditions attached to the credits had made it hard for Turkey to make sensible use of the offers.

Italian Communists split over Soviet line

BY RUPERT CORNWELL IN ROME

INTERNAL DIVISIONS in the Italian Communist party over its leadership's critical line on the Soviet invasion of Afghanistan have surfaced sharply in a forelgn policy vote by Parliament this week.

Political observers estimate that 50 or 60 Communist MPs broke ranks to vote in a secret ballot against a resolution agreed by all the country's so-called "constitutional" parties, ranging from the Christian Democrats through the smaller intermediary parties to the Communists.

The resolution baslcally underlined the key role of the European Community in rehuilding detente, the need to strengthen the European Parliament and, in particular, stressed that the EEC countries should be "genuine partners of the U.S. as far as efforts to secure a halanced arms reduction were concerned."

The Communist *party* has long officially espoused both Italy's membership of the Atlantic alliance and of the EEC. But the evident dislike of some Communist MPs for the "Atlanticist" flavour of the resolution is a reflection of the unease among Communist militants about the leadership's stance towards Moscow at a moment of severe East-West tension, and its insiatence on keeping equal distance between the two blocs.

This unease is unlikely to have heen mitigated by tbe cryptic statement issued by the Communist party saying that Sig. Enrico Berlinguer, its leader, had held long talks at this week's European Parliament session in Strasbourg with Herr Willy Brandt, cbairman of the ruling West German Social Democratic party.

Such a step might not seem very startling, but an earlier ottempt to arrange a similar meeting fell througb, largely, it is believed, because of pressure exerted by the Italian Socialist party jealous of its place as tbe main spokesman of the Italian Left towards its European counterparts.

At the same time, tbe Communist party has placed great importance in its efforts to allay fears about its intentions, on the European Parliament. That forum has already underlined the cleavage between tbe Italian and French Communists, as well as certain foreign policy affinities between the former and tbe mainstream EEC Social Democrat parties.

Meanwhile, the ritual dance of consultations continues between the other parties on the sbape of a new Government to replace Sig. Francesco Cossiga's administration. But there is no sign of agreement.

The Socialists, however, wbose attitude will he crucial ultimotely, are proving notably cautious about carrying ont their earlier decision to draw their vital support in Parliament from Sig. Cossiga. Every day the stalemate continues increases the chances that he will remain intact until the Important regional elections this spring—and thereafter perhaps until the round of major international summits in June Is over.

Steel output at record

MILAN — Italian steel outpnt reoched o record 2.26m tonnes in February, compared with 2.17m in Jannary and 2m in February last year, the steel industry association said.

Forecasts that the economy will slow down in the second half suggest some contraction in consumption, bnt Italian steel prodnction this year shonld be higher than last, when output was hit by strikes, it said.

Steel prodnction last year totalled 24.28m tonnes, 0.9 per cent less than in 1978. Apparent consumption last year rose to 23m tonnes from 19.3m, while estimated real consumption rose to 22m tonnes from 20.5m.

While 1978 saw a reduction of stocks to meet real consumption, last year saw tbe trend reversed, the association said.

Steel imports rose to a record level of 7.7m tonnes in steel ingots equivalent, against 5.5m tonnes in 1978, because of the failure of Italian companies, hit by strikes and cnts in output, to meet strong demand.

Italsider, the state-controlled concern whieh acconnts for nearly half of Italian steel prodnction, was particularly hard hit by strikes and by a switch to imports by its clients last year. It is expected shortly to report another suhstantial loss for 1979. Reuter

White House agrees budget spending cuts

BY DAVID BUCHAN IN WASHINGTON

THE THREE-WEEK review by the U.S. Administration of a new anti-inflation strategy yesterday moved towards a conclusion. Budget spending cuts—the expected centrepiece of the new programme have been largely agreed with Congressional leaders, but White House economic advisers are still wrestling with revenue-raising measures.

Announcement of the programme, which could come today is intended to show the electorate and the financial community that President Jimmy Carter is in earnest about curbing an inflation rate, which between December and February accelerated to an annual 15.6 per cent at the retail level.

But the distraction of the Iran crisis and the problems of piecing together an economic package which would be taken seriously have bogged down the White House review, and have resulted in the shelving of earlier plans for the President to unveil the programme at a joint session of Congress yesterday.

Strenuous efforts to win advance approval from Congressional leaders for painful budget cuts have now, it seems, borne fruit in agreement on some $11bn (£4.9bn) in spending reductions in the 1980-81 budget, beginning next October. That would be only about half the expected deficit. To fill the gap, the Administration is exploring the idea of a fee on imported oil, in theory to be replaced by a direct petrol tax passed by Congress next year.

Despite the bad inflation outlook, the current strength of the U.S. dollar has allowed the Administration a leisurely pace in mapping out a new economic strategy, unharried by a currency crisis. But Mr. Michael Blumenthal, the former Treasury Secretary sacked during Mr. Carter's Cabinet shake-up last summer, yesterday warned that "if in the president's forthcoming moves, "the perception is of weakness, the risk of trouble in the foreign exchange markets is greatly enhanced."

Mr. Blumenthal scoffed at Mr. Carter's previous 1980-81 budget proposal, allowing for a $15.8bn deficit, as "an election year" budget. Now vice-chairman of the Burroughs Corporation, Mr. Blumenthal said the U.S. business community wanted "short-term shock treatment" to deal with inflation, including a balanced federal budget, credit controls, oil or petrol taxes, and immediate decontrol of petrol prices. The last was urged, Mr. Blumenthal said, by himself and Dr. James Schlesinger, the former Energy Secretary, last year. "But Mr. Carter did not then see fit to do it."

Meanwhile, Mr. Carter has let it be known he will make greater use of his veto over Congressional legislation this year, if attempts are made to "bust" his new budget proposals. Mr. Jody Powell, the President's Press Secretary, also said this week that the President might resort to impounding or withholding federal money, controversial tactics last used extensively by President Nixon.

Mr. Paul Volcker, chairman of the Federal Reserve Board, has, unusually, taken part this week in the joint Administration-Congressional consultations. He has said he is not averse to reducing private spending and debt by credit controls—these are expected too—but with a preference for using the Fed's existing monetary tools such as raising the discount rate or bank reserve requirements to do so.

El Salvador junta gives land to the peasants

BY WILLIAM CHISLETT, RECENTLY IN SAN SALVADOR

EVER SINCE the reformist El Salvador junta overthrew the right-wing dictatorship of Gen. Carlos Humberto Romero last October, this tiny Central American republic has been heading for civil war.

The coup barely interrupted the violent struggle between left-wing guerrilla organisations and the entrenched right representing the landowners who controlled most of El Salvador's principal exports—coffee, sugar and cotton. More than 200 have been killed in acts of politically motivated violence so far this year.

To visit El Salvador is like watching a slow-motion surreal film of extreme brutality. Gory pictures of victims of the violence are spread across newspapers every day in the capital, San Salvador.

Avowedly Marxist guerrilla leaders have appeared unmasked on television urging people to "smash" the junta, and their right-wing counterparts have been equally vociferous in telling the armed forces to "kill Communists." Bodyguards and bullet-proof cars are common among businessmen.

The military-civilian junta is accused by the extreme left of failing to carry out promised reforms. The entrenched right, which still has many sympathisers in the armed forces, blames it for undermining its interests. Both sides have been arming themselves to the teeth, and the junta was in danger of going under, opening the way to a vicious spiral of violence.

The Government, aware that its demise might remove the last restraints on all-out civil war, took a remarkable gamble last week, beginning a programme to redistribute most of El Salvador's land. Their action aims at breaking the economic power of the Right and, equally importantly, removing the principal grievance exploited by the guerrillas. The army, long the military arm of the country's ruling oligarchy, has been swung into line behind the reforms.

In the first stage, all farms over 1,250 acres will be expropriated. This affects 376 farms, owned by 244 families and covering 553,600 acres.

In the second stage, all farms between 250 and 1,250 acres will be expropriated. The reform will give land to 250,000 of the 300,000 landless families, who for years have lived and worked in feudal conditions. They now become the land-owning class, and for the first time have a stake in the economy.

On one of the vast 12,500-acre farms, from which the troops had withdrawn, a puzzled peasant said: "This is our land now." Other workers, barefoot, machetes by their sides and straw hats firmly over their foreheads, were quietly unloading sugar cane from lorries with an indifference which showed they too had failed to register the true impact of the reform. The land will now be managed as a co-operative.

Similar farm takeovers by troops, backed by Agriculture Ministry technicians, are taking place all around El Salvador (population 4.6m), the most densely populated country in the western hemisphere, with 565 people a square mile. The demand for land for a population increasing by 3 per cent a year had reached fever pitch.

The U.S. Administration hopes the land reform, coupled with the nationalisation of banks, decreed at the same time as a mild 30-day state of siege, will defuse an explosive situation and avoid a repetition of the events of 1932, when the army massacred 30,000 peasants over the land issue.

The question now is whether the relative calm which has descended is the beginning of a new political process, enabling the junta to establish a dialogue with other political forces and pave the way for elections, or whether it is a lull before a storm.

Archbishop Oscar Romero, whose outspoken Sunday morning sermons attract thousands, told me: "The junta still has no support from the people, and so the popular forces (various alliances of peasants, workers, students) do not want to start a dialogue. The idea of the reforms is good, but how can there be reform when institutionalised violence continues?"

The junta's failure to clean up the para-military forces led to the withdrawal from the junta of all but the Christian Democrats.

"The junta is very afraid to make an example because it fears that the armed forces will be demoralised and a power vacuum created," says Sr. Julio Rey Prendes, the Christian Democrat mayor of San Salvador.

The junta will need great political agility in the coming months to persuade the two extremes to lay down their arms.

Chilean President to visit China

By Hugh O'Shaughnessy

THE Chilean President, General Augusto Pinochet, is planning a visit to China which may be made in conjunction with his scheduled trip to Japan in October.

Sr. Sergio Huidobro, the Chilean Ambassador in Peking, is quoted by Inter Press Service as saying that there is "mutual interest" in the visit. He added that Chile is expecting Huang Hua, the Chinese Foreign Minister, to visit Santiago after the visit of Sr. Hernán Cubillos, the Chilean Foreign Minister, to China last year.

"Both governments have adopted a clear and definitive position in face of the Soviet imperialist threat," he said. Sino-Chilean trade is reported to have risen from $12m (£5.4m) in 1977 to $67m (£30m) in 1979. China has maintained uninterrupted diplomatic relations with Chile since well before the military coup of 1973.

Gen. Pinochet is expected to sign economic, cultural and co-operation agreements with Japan. Trade between the two countries last year is put at $720m.

Surinam leader rejects army plan

By Charles Batchelor

PROSPECTS for the rapid formation of a new civilian administration in the former Dutch colony of Surinam have faded. Dr. Johan Ferrier, the country's President, has refused to agree to the nine-man Military Council retaining supreme power over the civilians, according to reports reaching the Netherlands.

President Ferrier raised his objections to the soldiers continuing to exercise supreme control when they met him to discuss the new administration.

Carter's policy disastrous, says Ford

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

FORMER PRESIDENT Gerald Ford has delivered one of the most wide-ranging attacks against President Jimmy Carter's record yet heard in the election year.

His speech, to a Republican Party dinner here on Wednesday night, ironically came the night before he was due to have coffee with Mr. Carter at the White House. Perhaps cognisant of this, Mr. Ford said he had nothing personal against Mr. Carter, whom he described as "a good and decent man."

But this disclaimer faded in comparison with such comments as: "My sole, single purpose, politically or otherwise, is to get President Carter out of the White House. Why have we pulled our punches on Jimmy Carter? Why do we let him make himself a hero of disasters he alone created?"

Challenge

In the same vein, Mr. Ford went on: "I don't think this Administration understands or has ever understood the basic challenge confronting the United States. Our national security and the rest of the world are in grave peril."

Mr. Ford described Mr. Carter's economic policies as "a disaster," his foreign policy as "havoc" and his energy policy as "misguided and ineffective."

But, much as his audience loved the attack, many of them were willing to be quoted afterwards as saying that Mr. Ford has little chance of denying the Republican nomination to Mr. Ronald Reagan and that if he does, belatedly, enter the race, he will run the risk of splitting the party, making a Republican triumph in November, all the more difficult.

Certainly, Mr. Ford is finding it hard to get a party consensus behind his proto-candidacy. He tried to arrange a meeting of Republican governors here this week, but only two accepted his invitation: Governor Richard Snelling of Vermont, who moved might and main to get Mr. Ford into the race last year, was one who declined to attend.

Mr. Ford's hope appears to be that Mr. Reagan will lose next Tuesday's Illinois primary, thus demonstrating his inability to carry critical big industrial states. But the man apparently most likely to beat Mr. Reagan in Illinois, home state Liberal Congressman, John Anderson, would be unlikely to drop his campaign in favour of Mr. Ford.

The congressman, who is emerging as something of a cult figure in this volatile election year, is starting to show unexpected strength in various parts of the country.

In preliminary tabulations from Republican caucuses in the state of Washington on Wednesday, Mr. Anderson was running a decent second to Mr. Reagan—comfortably ahead of both Mr. George Bush and Mr. Ford.

On the Democratic side, it is becoming increasingly clear that Mr. Carter will take the lion's share of 144 convention delegates ultimately to be apportioned following initial caucuses in Delaware, Oklahoma, Washington, Hawaii and Alaska. Senator Edward Kennedy seemed set to win in Alaska, but the President was carrying Delaware by about a 5-2 margin, Oklahoma by more than 7-1, Hawaii by at least 5-1, and Washington by more than 2-1.

U.S. HAULAGE INDUSTRY

Congress moves against labyrinth of controls

BY IAN HARGREAVES IN NEW YORK

AT THE end of a week of southern primary elections, Senator Edward Kennedy does not have much to look back on with satisfaction. The exception is what happened in the Senate Commerce Committee on Tuesday.

The committee gave a major boost to one of the Senator's pet concerns, one in which he has visibly moved the Administration towards his own way of thinking. By a large majority it passed a tough Bill to de-regulate the $50bn-a-year road haulage industry.

De-regulation, if it happens, will mean tearing down the 46-year-old labyrinth of controls, administered by the Interstate Commerce Commission, which determine everything from the cargo a carrier may load to the routes along which he may carry it and rates he may charge for doing so. In European terms, the change involves moving from German towards British principles of haulage regulation.

The logic behind the system, whatever the incidental absurdities, is that across the huge landmass of the U.S. it is considered necessary to offer all communities a basic freight transport system which will be stable and available at a price comparable to that in a community 2,000 miles away.

This principle produced the regulatory framework for not only the road hauliers, but also the railways and airlines—that is, until 1978, when President Jimmy Carter signed into law the Airline Regulation Bill which, over three years, will give the air carriers freedom to set rates at will, to enter and leave markets and generally to behave like any other industry.

The urge to de-regulate is based on the feeling that supervised rate-setting and entry into and exit from an industry protect the inefficient from the normal penalties of uncompetitiveness and tend to keep prices artificially high. In the present inflationary climate, the idea of de-regulating thus has great appeal.

Although Mr. Kennedy is credited with being among the earliest influential converts to the cause, he now has the President firmly in his camp, and the Bill passed by the Senate committee this week had the support of both contenders for the Democratic Party's presidential nomination, although, in an ideal world, both would like to see even more radical measures.

Senator Howard Cannon, the Commerce Committee chairman, has pledged to have legislation through Congress by June 1, a target which most observers feel to be optimistic, given the influence of the haulage industry and its union, the International Brotherhood of Teamsters. Both implacably oppose anything more than minor changes to the system on the grounds that it will put many operators out of business, reduce services, cut jobs and put up prices. Some feel the

Terry Kirk

Transcontinental truck in San Francisco.

Teamsters' attitude also hinges on fears that de-regulation will make it harder to bring big wage claims if carriers are less assured of being able to pass on costs.

Mr. Cannon's committee therefore surprised many people with the speed and decisiveness of its actions, and the full Senate now seems likely to follow a similar course. Progress in the House of Representatives, however, has been slower, and the House is considering much milder proposals.

If the Cannon Bill, as amended in committee, became law, it would abolish the immunity most hauliers have from anti-trust prosecution when they get together in their regional "rate bureaux" to set rates, which traditionally have been rubber-stamped by the Interstate Commerce Commission.

It would also help new hauliers to go into the business and give wide pricing freedom (with no controls at all on certain food products). The changes would occur by 1983.

Mr. Kennedy would like the anti-trust immunity to be abolished, rather than removed only from services operated by a single carrier. Other senators, however, even those sympathetic to de-regulation, feel the committee has gone too far on pricing freedom.

Wall Street's share analysts appear unworried. Indeed, there is a feeling that resolving the de-regulation question would be good for stock prices, depressed by prolonged uncertainty about legislation.

Frustrated

It is also felt the industry had more to fear from a presidency frustrated in getting legislation through Congress but with the power to nominate members to the Interstate Commerce Commission, a power Mr. Carter has used with great effect to instal liberal chairman at several agencies. At the com-

In any case, the commission would counter that its figures show the top 100 companies in the industry last year still earning 20 per cent return on equity (around 5 per cent better than the average for other U.S. industries). The hauliers challenge these figures.

The industry's problems with the commission eventually led to a showdown between Mr. Gaskins and Senator Cannon, who angrily told the commission its job was not to change policy by stealth but to interpret the will of Congress. It is that will which Mr. Cannon wishes to redraft in his Bill.

There is also a feeling on Wall Street that the big companies which are important to investors could actually benefit from the greater freedom to enter new markets, take over smaller companies and formulate more complex rating polices.

Consumers

How the change will affect most of the industry and consumers is a matter of opinion. The de-regulation camp points to evidence that unregulated hauliers in New Jersey offer comparable services at prices 10 to 15 per cent below regulated interstate carriers, with no apparent loss of efficiency or stability. They also point to airline de-regulation, which has been followed by an unprecedented burst of competitive pricing and jostling for new routes, and enabled some medium-sized carriers to grow rapidly.

But the comparison is risky. The airline industry is well-documented and well-understood, whereas it is not even certain how many hauliers contribute to the road haulage industry.

It is known, however, that even in the industry's regulated segment, almost 13,000 of the 17,000 operators have annual sales of under $500,000 a year.

The answers are important because road transport costs will remain critical in the overall cost-efficiency of U.S. business. Road carriers are estimated to account for about a quarter of the total freight moved by public carriers (a lower proportion than Europe because of the greater usefulness of rail and water transport over long U.S. hauls). The motor carriers also burn up 7 per cent of the nation's petroleum.

If de-regulation happens, it is unlikely to lead to the spectacular rate wars of the airline industry, whose effects are glossily and expensively advertised in the media. It will be a question often of thousands of dog-fights in every corner of the land. The impact will take years to register, and even more years to assess accurately.

Riyadh plans bigger role for private sector

BY ANTHONY McDERMOTT AND JAMES BUXTON IN RIYADH

SAUDI ARABIA's *third* five-year development plan, to be unveiled in mid-May, will try to lay the basis of a more productive ecoaomy less dependent on Government subsidies. It ia hoped to give the private sector a bigger role, Sheikh Hisbam Nazer, the Planning Minister, explained yesterday.

Whereas some 80 per cent of current planned apending has baen devoted to infra-structure, the three main aims of the new plan are:

● Tn develop prroductive resources both in industry, where heavy industrial proects are getting under way, and in agriculture, to improve the quality of life especially io the smaller towns and villages.

● To develop the kingdom's manpower resources by concentrating on education and vocational training.

Sheikh Nazer declined to disclose the aize of the oew plan. The Finance Minister, Sheikh Mohammed Ada al-Khail, receotly said that planned apendlng *would be in excess* of 900bo Saudi riyals (£120m) and it is understood that planning officials are now working on a figure of over riyals 1,000bn (£135m).

This would mean the kinddom would spend an average of about riyals 200bn a year, the same amount as it expects to spend this financial year.

The Planning Minister said *that the* exact expenditure depended on how much local and Imported manpower the kingdom chose to mobilise and what figure to incorpate for impored inflation, which could vary between 7 and 18 per cent.

Tha new plan is to be denomioated in curreot prices, whereas the present plan is in *constant* prices. *The Minister* said that abnut Riyals 700bn would have been speot over the period against the constant price figure of Riyals 498bn.

Some Riyala 200bn-worth of current infrastructure projects *will be* rolled over *from* the current into the new plan period and Sbeikh Nazer said there would probably be additional spending on infrastructure.

The private sector, which bas often shown itself more dynamic than the public sector, would be given a larger role in development, providing housing at the large industrial sites of Jubail and Yandu, for example. To achieve this, the Government would make available more money at cheap rates of Interest tbrough the existing *Saudi Industrial Development* Fund and the Real Estate Development Fund.

The Minister said the kingdom wanted to keep tbe level of imported manpower at *least* constant at its present level of about 1m. Tbis would ha achieved through less emphasis on construction, more emphasis oo management and maintenance, increased mechanisation and the employment of thousands of new Saudi graduates.

Austrian 'recognition' of Yassir Arafat's PLO

BY OUR FOREIGN STAFF

AUSTRIA yesterday became the *first* West European *country* to give the Palestine Liberation Organisation what appears to be diplomatic recognition.

Dr. Bruno Kreisky's Goveroment announced acceptance of Dr. Ghasi Hussaio as accredited representative of the PLO io its relations with Vienoa. The Foreign Ministry declined to characterise the change in the status of Dr. Hussain as actual recognition.

The anoouncement, bowever, was promptly hailed by Dr. Hussain as a new breakthrough for tha movement and "*official recognition* by Austria for self-determination by the Palestinlan people and for the establishmeot of a Palestinian state."

Dr. Kreisky angered the Israeli Governmeot last summer by receiving Mr. Yassir Arafat, chairman of the PLO, with the kind of honour normally accorded to a Head of State.

Austria's latest shift prompted a flurry of diplomatic *activity. Mr. Yissakhar* Ben-Yaacov, Israeli Ambassador In Vienna, sought immediate clarification of the anouncement. Heads of mission of member couotries of the European Community were expected to meet to dlscnss the implications.

President Valéry Giscard d'Estaing of France stole a marcb on other members of the European Community last week wben he agreed to the Inclusion of the principle In a joint communique Issued with Kuwait.

Subsequently Mr. Anthony *Hurd*, British *Minister* of State at the Foreign Office, was reported by the left-wing Beirut newspaper As-Safir to have been snubbed by the ruler of Kuwait. Sheikh *Jaber al-Ahmed* al-Sabah was said to bave cancelled a meeting because Mr. Hurd bad refused to recognise tbe PLO as "the sole legitimate representative of the Palestiulan people."

Syria blames Christians and Israel

BY OUR FOREIGN STAFF

ATTACKS BY the Moslem Brotherbood on the ruling Syrian Ba'ath Party are fermented and organised by Right-wing *Lebanese Phalangists* and the Israelis, the party daily newspaper, Al-Ba'ath alleged in Damascus yesterday.

Syrian troops were rushed to Hama in central Syria and Aleppo in the north last week *to* quell riots *led by members* of the dissident brotherbood. A curfew was imposed in both cities and President Hafez al-Assad accused the U.S. Central *Intelligence Agency of* backing opponents of bis regime.

According to Al-Ba'th co-operation between the brotherhood and the Phalangists includes training, smuggling of weapons and provision of information

Simon Henderson in Tehran analyses why the U.S. embassy hostages are still captive

Khomeini emphasises he holds the power

TODAY'S ELECTIONS in Iran will theoretically elect the Parliament whicb, in *Ayatollah* Khomeini's words, can then "decide upon the fate" of the 50 American bostages who have been held in the Tehran embassy since November 4 last year.

Bnt, as the confusing events surrounding tha ill-fated United Nations *Special* Commission have shown, such a direct path to the *hostages'* release is unlikely and probably wishful thinking.

Iran's nascent political foundations—a constitntion, a president, a guardian council of the constitution, and now a parliameot—are still competing with equally influential power *centres*—the militant students, the revolutionary courts, the revolutiooary committees, and radical political groups.

Perbaps most important of all, the wisb or the whim of Ayatollah Khomeini is quite capable both of urging support for Preaident Abolhassan Bani-Sadr and the ruling Revolutionary Council, and in the next aentence of cutting the ground *from* beneath the President's feet.

An analysis of what went wrong with the commission, and U.S. and European bopes for the *release* of the hostages *associated* with it, reveals two main factors.

First, despite Ayatollah Khomeint'a recent beart ailment, be *still takes the ultimate* decisions in Iran. And in bis mind—as best as can be judged —the bostages' release is still firmly linked to the return to Iran of the exiled Sbah and his wealth.

Second, the hostage *crisis* is being used by various political individuals and groups—even within the Revolutionary Council—to their own advantage. Their *success* ia due to their ability still to win Khomeini's ear.

The result is that no-onc in Tehran *is now* putting a date to the eod of the crisis. As one diplomat said this week: "I see no hope of the hostages' release until these internal tensions are resolved"—and for the present there secms little chance of that either.

The reason no great faith is put in tbe parliament is because of general confusion surrounding the electiona. Only in the past week has it finally become clear that the election will be in two atages—with the top two candidates in each constituency taking part *in* a *run-off* in another two or three weeks.

The elections are also based on a poorly developed party system. Even successful candidates are thus likely to bc difficult to organise into a *disciplined majority in the* final assembly. President Bani-Sadr's own hopes rest on a looae grouping of organisations which supported his election—the Congress of tbe Islamic Revolution. His major challenge is from the Islamic Republicao Party, which had a poor sbowing in the presidential election.

Fnrthermore, a low turnout is *feared—Ayatollah Khomeini* has bad to issue a statement urging people to vote as their "Islamic" duty. Another statement from the Ayatollah, condemning parties which *did* not vote for the constitution—tbat is, the *Left*—is also likely to engender dispute and low credibility for the whole exercise.

Instead, the power game returns to the already-known *ingredients*—the problem about releasing the hostages being that President *Bani-Sadr* is perceived as beiog in an increasingly weak position.

His 75 per cent of the popular vote in the presidential elections earlier this year has already lost its status. If bis grouping *in the parliamentary* elections fails to win a similar percentage of the vote, his prestige will count for even less.

President Bani-Sadr: consistent policy line

His access to the Ayatollab remains, but he appears to be only one amoog several with this vital link. Diplomats consider it quite likely that while wanting a hostage deal, to remove the competing power centres io Iran—particularly the students—he never outlined this plan clearly to the 79-year-old Iranian leader.

Control of access to Ayatollah Khomeini is through his son, Hojatoleslam Ahmed Khomeini. But the person wbo could really influence the Ayatollab, bia son-in-law, Eshraqi, is himself convalescing from a beart attack.

The *running* in Iran is made by those who can claim they are Islamic, revolutionary and—as the students proclaim themselves—"in the line of the Imam *(Ayatollah Khomeini)*." These credentials also afford a degree of access to the Iranian leader.

Thus Ayatollah Dr. Mohammed Beheshti, the secretary of the Revolutionary Council, was able to say again this Wednesday that Iran's demands had never changed. "The Shah and his wealth have to be returned, and conditions must be created to put on trial the cruel *policy* of the United States—after that the hostages can be released." Dr. Beheshti, even as the leader of the Islamic Republican Party, President Bani-Sadr's main electoral opponent, will probably get away with the remark completely.

There is no indication that President Bani-Sadr, despite being the leader of the Revolutionary Coucil, can impose bis discipline on it. The council is thought to divide roughly along the lines of its six clerical members and *nine* laymen bnt, according to Dr. Beheshti, "It is very difficult to speak of a general view" on the Sbah and the hostages.

The President's only clearly identified ally is Mr. Sadeq Qotbzadeh, the Foreign Minister, who tried bis bardest to make the commission a *success*. Mr. Qotbzadeb, a former political opponent of President Bani-Sadr and, at least previously, on very bad terms witb blm, seems to have adopted this position because without the President be would have no political constituency at all.

How Ayatollah Khomeini himself perceives this from bis convalescence in a house in the hills of Northern Tebran is entirely *guesswork*. There are two views among foreigners here: either be bas very good intelligence and just likes playing ooe rival power group off against another, while be remains on top, or be has limited knowledge, and no one dares tell him anything which would displease him—be bas for many years bated both the Shab and the U.S. This latter view is considered slightly more likely.

Diplomats think President Bani-Sadr will survive, partly because nobody else at the moment could take on *his* role. He is also considered more "*honourable*" *than most*, as he is prepared to repeat the positions he held last week, but the people with him have not been prepared to stand up to be counted.

An over-estimation of the firmness of the structures in Iran probably led to the ill-fated UN commission. Too mnch had to be worked out when the commission *arrived—and it proved* impossible.

Put simply, it *failed* because Ayatollah Khomelni himself did not approve of the way it was structured in New York. In Iran, it was seen purely as a body to examine the Shah's crimes. Tbe second part of the mandate—*to resolve* the U.S.-Iran crisis, in which a visit to the hostages was included—was played down to auch an extent that It was ignored.

What President *Bani-Sadr* wants to do now is clear. His perceptions of the crisis seem to remain the same. He warned in a newspaper article on Wednesday of tbe danger of an "unco-ordinated and incoherent parliament in a country with too many centres of power," but also condemned the U.S. He did say, however, that the hostages were the weakness of the struggle and not its strength.

The way be is *going to* act remains unstated. The means available to him are few. If It depends upon the parliament, two stages must be passed, and the second round of voting is not expected until early April. *Even* then, as Dr. Beheshti stated two weeks ago, it migbt he May before it can consider the hostages.

Sir Julius Chan: hard-money policy

Stability and moderation for Papua New Guinea

By Philip Bowring, recently in Port Moresby

WITH Sir Julius Chan's accession to power earlier this week Papua New Guinea can be expected to continue to enjoy the stable parliamentary government and sound economic prospects it has experienced since independence in 1975. *Indeed, Sir* Julius was one of the architects of that stability.

Stability is of major interest to Papua New Guinea's two big neighbours, Australia, the former colonial power, and Indonesia. Australia has a strategic and financial commitment, and Indonesia is concerned for the stability of New Guinea island, divided between Papua New Guinea and the Indonesian province of *Irian Jaya, where there are* secessionist rumbles.

Although Papua New Guinea has only 4m people, it is regarded as the leader of the South Pacific's Melanesian nations, which occupy *strategic positions* along the south-west Pacific rim.

The nation is also a major producer of copper and gold—mined by the Conzinc Rio Tinto *subsidiary* Bougainville Copper. Just before Mr. Somare's Government was forced to resign, it reached agreement in principle with a consortium led by Broken Hill Proprietory to develop *gold and* copper reserves at OK Tedi requiring investment of up to A$700m (£345m). The agreement has been confirmed by the new Government.

As the nation's first Finance Minister, Sir *Julius Chan* was regarded as *being* slightly more open than Mr. Somare towards foreign investment, particularly in natural resource exploitation.

But Sir Julius, who was *knighted* only very recently, may need to be cautious not to show too much partiality for foreign capitalists and draw bostility towards himself on racial grounds. *He is* part Chinese.

Chinese traders play the same role in Papua New Guinea as Asians did in East Africa, but it is a measure of the nation's essential stability and moderation that it has been able to elevate someone partly Chinese—with some close connections in Hong Kong—to the Prime Ministership.

Sir Julius already has a claim to distinction. As Finance Minister he fashioned a "hard currency" policy which bas given his country one of the world's strongest currencies.

West Bank patrols increased

By David Lennon in Tel Aviv

THE Israeli army is to Intensify its patrols and set up observation posts in tronble spots on the West Bank, in an attempt to curb the recent increase in disturbances there.

Until now, Israel bas prided itself on the army's low profile in the West Bank. The absence of soldiers in the towns was frequently pointed out as *illustrating* the *benign nature* of the occupation.

This reversal of the policy on the pbysical presence of troops in the towns and along main *roads also contradicts* the Israeli proposal in the Palestinian antonomy talks that the army ahould be withdrawn into camps at specific locations.

The new policy has been introduced because recently, a sharp rise has occurred in the number of attacks by stone-throwing school children on Israeli vebicles passing through the West Bank.

It *is also* aimed at *curbing* night attacks by Jewish settlers on the parked cars of Palestinians, apparently in retaliation for the daylight stoning of Israeli cars.

The observation posts will be in the old town of Hebron, where a Jewish settler was killed recently, and at Halhoul and the Jalazoun refugee camp beside Ramallab on the main north-south road.

Warning by S. Africa business

BY QUENTIN PEEL IN JOHANNESBURG

FOR THE first time organised business in South Africa yesterday *criticised* the *Government's* proposed reforms to improve black labour mobility, and cbarged that they could have the opposite effect.

In a memorandum submitted to the Governmeot, analysing *the Riekert. Commission's* recommendations, the Association of Cbambers of Commerce of South Africa (Assocom) warned that the reforms would drive a wedge between urban aod rural black workers. They were likely to result in greatly increased uoemploymeot in rural areas.

The Riekert strategy—geoerally welcomed by the business *community* when it was published last year—seeks to improve the job mobility of urban blacks. But it also seeks to make the whole system of Influx *control* more *efficient*, to prevent tbe continuing drift of black workers from the tribal homelaods.

Assocom agrees that "uncontrolled migratioo of blacks to urban areas" would give rise *to serious social problems*. But it fears "the measures proposed by tha commission (and now implemented) will oot solve these problems, and are likely to give rise to further distortioos io the labour market and to other dangerous economic aod socio-political problems."

The commissioo called for Influx control to be enforced through the availability of jobs *and housing*, and by *increasing* the penalties oo employers of "illegal" black workers without a pass tot be in urban areas. But this strategy could result in more, not less, unlawful employment, Assocom warns.

The Riekert proposals, far from creating a free labour market, had imposed new restrictions, it adds. "No undue restrictions should be placed on *the right of employers* to employ who they like, when they like, and where they like, or on the rights of employees to work where they will, for whom they like and when they like."

Assocom's conclusions on a strategy central to the entire new direction of Government policy will be a serious blow to the bopes of Mr. P. W. Botha, the *Prime Minister*, of *co-opting* the business community to support his plans.

Gandhi confirms Jaguar deal

BY K. K. SHARMA IN NEW DELHI

INDIA'S PRIME MINISTER, Mrs. Indira Gandhi, yesterday scotched rumours that tbe Government was considering scrapping the £1bn deal with British Aerospace *for the* Jaguar aircraft. Sbe rejected demands made in Parliament for an inquiry into the deal

There have been reports in the Indlan Press that the Government was considering *cancelling* the contract and paying the *penalties this would* involve.

Mrs. Gandhi's *strong defence* of the Jaguar sbows that the reports are baseless and the deal, which involves direct purchase of about 40 aircraft from British Aerospace and manufacture in India of another 70, will go through as arranged by the previous Government.

There bave been unconfirmed reports of pay-offs *in* connection with the deal. But it is now obvious that the Government has examined the charges and found them to be unsubstantiated.

Mrs. Gandhi also announced to Parliament yesterday that while *India continued to follow* the policy of using nuclear energy for peaceful purposes, test explosions would be carried out if the national interest required them.

Uganda move on plantations

By John Worrall in Nairobi

NEGOTIATIONS by the Mehta and Madhvani families *to return to their plantations*, factories and mills in Uganda, from which they were expelled by Idi *Amin, have* now been completed.

Both Asian families, which played a prominent role in *Ugandan industry* before Amin, have agreed to raise the compensation issue later. The Government is to have major shareholdings in most companies involved.

The Madhvanis are to have, a 49 per cent interest in the Kakira sugar works at Jinja, one of Uganda's biggest sugar plantations, which at one time employed 6,000 men.

Koreans jail ex-army chief

By Ron Richardson in Seoul

A COURT martial yesterday sentenced Gen. Chung Seung Hwa, the former South Korean army chief of staff, to 10 years' imprisonment after finding him guilty of complicity *in the* assassination of President Park Chung Hee last October.

The court found that the General had co-operated with the assassin, Kim Jae Kyu,

ENERGY REVIEW — **BY JAMES BUXTON**

Sudan seeks an oil cure for poverty and economic crisis

SUDAN is going through a severe bout of oil discovery fever. Most of its bopea of escaping from poverty and economic crisis are now pinned on drilling by Chevron in the remote south-west of the country. President Nimairi recently said—over-optimistically—that oil production would begin this year.

Chevron, which has been operating in Sudan since 1975, has now made two discoveries of extractable oil—a find with a flow of 2,900 barrels a day (b.d.) earlier this month which *followed a 500 b.d. discovery* announced last July. The oil company believes it has a good chance of making furthar discoveries but finds in auch difficult terrain have to be fairly large to be commercial. At the *moment the potential is still* unknown and it would take *several years for a commercial* discovery to be brought into production.

The high hopes that Sudan has invested in the exploration programme are understandable. A big programme which began in the mid-1970s to develop Sudan's vast agricultural poteo*tial has so far failed* significantly to increase exports. Instead it has caused appalling economic strains including very high rates of inflation, the gradual breakdown of basic services and a shortage of foreign exchange which has made it impossible for the Government to *import enough crude* oil and products for the country's needs.

Government officials see a substantial oil discovery as a passport to borrowing abroad commercially once more—current debts to foreign banks are having to be renegotiated. Ordinary people simply aee oil as a panacea which they believe will, at a stroke, make them *rich, and free Sudan from* economic and political dependence on the rich Arabs of the Arabian peninsula. President Nimairi himself has found it increasingly hard to keep his excitement within the bounds *of realism*.

Cbevron is operating under *conditions which reflect* the problems of a country desperata to find oil. The U.S. company, a subsidiary of Standard Oil of California, began by outlining one of the world's last unexplored sedimentary basins in a vast area stretching from close to the Cbad horder to the Sudd *swamp* on the White Nile. (Its 120,000 square mile concession area also includes a block on the Blue Nile south-east of Khartoum and another to tha east of the White Nile.)

Without rivals Chevron has been able to carry out what it regards as a textbook exploration programme, proceeding without cutting corners from aero-magnetic survey to gravity survey to seismic survey to *drilling*, which began in 1977. The area in which Chevron has so far drilled a dozen wells ranges from relatively thickly wooded bush country to open savannah grassland further south. The terrain, though flat and *potentially fertile*, is populated almost solely by a few semi-nomadic herdsmen.

But although it dries out In the dry season, much of it becomea almost impassable for *at least six months of the year*—from May onwards. The seasonal rains flood all but the patches of relatively high ground and rig sites often have to be surrounded with dams to keep the water out, while during one wet season a rig site became a haven of snakes clinging to dry ground. Chevron has built about 280 miles (450 km) of graded road since it began operating, apart from the lines for seismic exploration, which criss-cross vast stretches of the concession area.

But in the southern part of the drilling area roads can be eroded in the rainy season and the two drilling rigs bave to be treated almost as if they were offshore. Chevron is now involved in a major operation to bring in as much equipment as possible to enable the drilling string at Unity location (where the 2,900 b/d discovery bas been mada) to delineate the field during the forthcoming *rains* virtually independent of beavy supplies from outside.

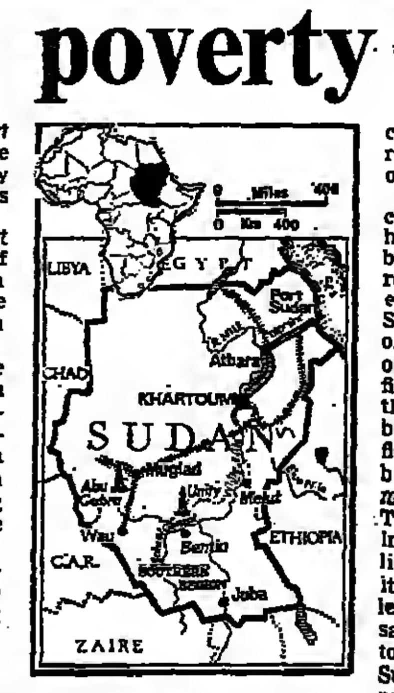
None of these problems is unique in oil company operations. But in Sudan the exploration work is taking place about *900 miles (1,500 km)* from the nearest port, Port Sudan on the Red Sea. The most durable *link* is a single track, narrow gauge railway. A modern blacktop road only exists for part of the route as far as tha Blue Nile.

It is along this line that most of Chevron's equipment has *come*, with *trains taking* anything from four days to four months (although the average is two to three weeks) to reach the company's main supply base at Muglad, about 1,125 miles (1,800 km) *by rail from Port* Sudan. Muglad is a large village of thatched buts with a few brick buildings whicb happens to have a siding.

Sudan *Railways* may at *last* be emerging from a period of decline, but it still suffers from lack of spare parts, a sbortage of mechanics to fit tham, and an *overcentralised* and uncommercial management system. There are constant shortages of both serviceable waggons and locomotives—all but two of the locomotives in the western region which serves Muglad are steam powered, some of them dating from the begining of the century.

Chevron also uses river shipping on the White Nile to take equipment to Melut, where it now has a seismic operation, but barges of the state-owned River Transport Corporation can no *longer* get up the Bahr al Ghazal tributary of the White Nile to Bentiu—a *former supply* base which is much closer to Unity than Muglad—because the river is blocked in the dry season by the growth of papyrus and water hyacinth. Lighter or more urgently needed equipment *is flown* in by air, and Chevron has built dozens of airstrips.

So far the operation, running at about $4m a month, has cost about $120m, making it Standard Oil of California's biggest current exploration programme. The company must *finance it itself* bot has an agreed payback schedule on its investment if oil is found and would thereafter share the profits with the Government, with the Government taking 70 to 75 per cent according to output. Chevron discovered oil shows at Unity One in 1978 bot when the well was pumped it *only produced water*. Last summer an oil flow of 500 b.d. was found at Abu Gabra in South Darfur province but two further wells drilled there to delineate the reservoir have been dry.



The recent *discovery* of a 2,900 b/d flow at Unity Two is *the most encouraging so far and* the company believes that if the rest of this year's exploration programme goes smoothly it will know by then how large the oil bearing structure there is and whether oil production in Sudan is commercial. *Unity* Two produced good quality 33 degrees API crude but in other wells—in several of which traces of crude have been found—the rock waa impermeable and the oil would not flow.

For production to be commercial in meeting local needs it *has to be sufficient to justify* the building of an inland oil refinery aince the country's existing oil refinery, at Port Sudan, is at tbe oppoaite end of the *country*. Much depends on bow the refinery would be financed, but Chevron estimates that a reservoir of around 50m barrels, producing a sustained flow of between 5,000 and 10,000 b/d, would be the minimnm to *make* production *commercial*. To export oil would mean building a 940-mile (1,500-km) pipeline to tbe Red Sea, for which it is guessed that a flow of at least 350,000 b/d would be necessary. In either case it is likely to be about five years before Sudan enjoys much domestic oil production.

A further complication in siting a new refinery is that Chevron's drilling area straddles the dividing line between the Arab and Moslem northern Sudan and tbe non-Moslem South, which fought a 17-year civil war against the North which ended only in 1972. Unity Two is just inside Upper Nile province of the Southern region, and the Sontberners will certainly press for any refinary to be sited insida the South, even though it would be far from the conntry'a economic centre of gravity in the North.

It is hard to calculate Sudan's potential demand for oil when supply falls so far short of what could be absorbed. The refinery at Port Sudan, operated by Sbell which with BP has a 50 per cent stake, has a capacity of 1.2m tons a year or 26,000 b/d. This is not quite sufficient for Sudan's petroleum product needs and in 1978 a further 265,000 tons of products (about 57,000 b/d) were imported. In practice, bowever, the refinery operated last year at only about three-quarters capacity, mainly because of interruptions of the *supply of crude*.

First Iraq cut off supplies in *protest* against President Nimairi's tacit support for Egypt's peace treaty with Israel. Tben Saudi Arabia stepped in, charging Sudan the full price for the 1.2m tons a year it offered but providing some balance of payments *support in* the form of cheap loans. However, the loans flowed erratically at first and initially have not covered the total oil bill, estimated for this year at more than $300m, nor the remaining payments gap of $400m. Sndan, therefore, cannot always scrape together the *foreign currency* needed to buy its fortnightly allocations of 50,000 tons of Saudi crude and if it misses a shipment it has to wait another fortnight.

The refinery's output is also constrained by the problems of getting products away from Port Sndan, where *there is* inadequate storage capacity. A product pipeline to the distribution depots at Khartoum with a theoretical capacity of 600,000 tons a year (which would meet rather less than half Sudan's minimum needs) has never run at more than 60 per cent of capacity since it *started* operating in 1977, mainly because many of the pipes *leaked* and the pumping stations failed. So most fuel still has to go, erratically, by rail.

With its heavy consumption of fertiliser as well as fuel in intensive agriculture, Sudan's economy *is alarmingly* affected by the fast rising price of crude oil—likely to increase far more rapidly than the country's economic growth rate. Only a portion of its (ioadequate) electricity supply is provided by *hydro-electric power from* the Blue Nile, though with the White Nile this is thought to have the potential to supply Sudan with more than 10 times as much energy than currently.

No comprehensive energy plan is *being drawn up until* tbe extent of oil discoveries is known (Chevron's success so far has led to two new cooccssionaires taking acreages in the Red Sea area, both onshore and offshore, where Chevron relinquished a concession after making an uncommercial gas find).

Recent official statements in Sudan *have done* nothing to explain the long time lag between making a commercial discovery and enjoying its benefits, while thoughtful Sudanese wonder if the announcement of a big discovery will make people give up *trying to make a success* of existing productive enterprises—they recall that in Nigeria agricultural production dwindled after the country became rich on oil. The more pessimistic point out that *Chevron's priority on the transport* system and in fuel allocation is already *hindering* the rest of the economy.

Italy-Soviets seek ways to boost trade collaboration

BY PAUL BETTS IN ROME

INCREASED ECONOMIC collaboration between Italy and the Soviet Union was further examined in Rome yesterday during informal consultations between Mr. Vladimir Sushkov, the Soviet Deputy Foreign Trade Minister, and representatives of Italian state sector companies and Government Ministers.

Mr. Sushkov, who has already held informal talks with Sig. Gaetano Stammati, the Italian Foreign Trade Minister, is also expected to meet representatives of the Italian private sector, including Sig. Nicola Tufarelli, a senior Fiat management executive currently chairman of the Italo-Soviet Chamber of Commerce.

The Soviet Minister on Wednesday night signed a major $1.5bn 10-year collaboration agreement between Moscow and Montedison, Italy's largest chemicals conglomerate which is, among other things, to build seven new chemical plants in the Soviet Union worth a total of $800m.

The Soviet Union is also understood to have started preliminary negotiations with Fiat over the construction of a new car assembly plant in the Soviet Union to produce a new model to replace eventually the Moscovitch. The Soviet Union is also said to be interested in Fiat machine tools and Fiat construction and agricultural machinery equipment.

But Mr. Sushkovs Italian visit has been played down in Italy, officially at least, since the Italian Government has had to adopt at official level a cooler approach to its formal relations with the Soviet Union following the Afghan invasion.

Nonetheless the talks between Mr. Sushkov and Italian cabinet ministers clearly suggest that Italy intends at this stage to enhance its trade with the Soviet Uninn.

Although the Italian Government indicated earlier this year it had suspended negotiations with the Soviet Union for a new $1bn three-year credit line to Moscow, there are now signs it is considering reopening these negotiations as soon as possible.

This has seemingly been confirmed by the current visit of the Soviet Deputy Foreign Trade Minister and his informal consultations with Italian cabinet ministers.

The new export credit line would replace an earlier $650m Italian line, which has now been largely used to back up a series of projects currently being negotiated by the two countries.

Tough talks on Iran gas exports

By Simon Henderson in Tehran

NEGOTIATIONS THIS week between Iran and the Soviet Union on the price and the quantity of Iranian gas exported to the southern Soviet republics appear to be as difficult as predicted.

Iran is asking for a fivefold price increase, from 76 cents e 1,000 cu ft to $3.80 per 1,000 cu ft, and has already cut volumes to 15 per cent of contracted levels.

Two days ago Mr. Ali Akhbar Moinfar, the Oil Minister, said Iran was prepared to burn off the gas rather than sell it at too cheap a price, and the tenure of this tough negotiating position has been reproduced in the local Press.

In an unsourced report, one Persian paper yesterday wrote that the talks on Wednesday had broken off abruptly so that the Russian delegation could consult with Moscow before yesterday's session.

The paper also reported that Iran was now asking for $4 per 1,000 cu ft and the Soviet delegation has proposed a price of a little over $2 per 1,000 cu ft.

As it is, supplies to the Soviet Union—along the Igat-I pipeline—ceased about two weeks ago because of an explosion on the pipeline near Tehran.

China oil income may reach $16bn

BY RICHARD HOUSEGO AND COLINA MacDOUGALL

CHINA'S foreign exchange earnings from oil could reach $16bn (£7.16bn) at current prices by 1990, according to the authoritative U.S. publication China Business Review.

This would be the equivalent of 23 per cent of China's projected imports that year compared with the 13 per cent of imports currently financed by oil revenues.

A detailed study of China's offshore oil prospects in the latest issue of the review by Mr. Kevin Fountain forecasts that China's oil exports on a conservative reckoning could reach 1m barrels a day by 1990 from a total production of 4m b/d.

It predicts that production in the Bohai Gulf could begin in 1984 and in the South China and Yellow Seas by 1985-86. Offshore reserves are estimated at between 4-7bn tons.

A large number of Western and Japanese oil companies—including British Petroleum, Exxon, Chevron, and Elf Aquitaine — are undertaking seismic surveys in the South China and Yellow Seas. China has also signed an exploration and production sharing agreement with a Japanese consortium for areas in the Gulf of Bohai.

The review says that seismic surveys should be completed by this autumn and that—depending on the speed of decision making in Peking—bidding for exploration rights could begin late this year at the earliest, or by mid 1981.

Mr. Fountain says, however, that two ministries seem to be jostling for leadership in exploration drilling. These are the Ministry of Petroleum, acting through its subsidiary the China Oil and Natural Gas Exploration, and Development Corporation, and the newly created Ministry of Geology.

There is no indication yet of the terms China will offer foreign oil companies. The only precedent is the agreement with Japan for development in the south-west Bohai Gulf, but it will probably be applied only to shallow waters with low production costs.

Under this the Japanese consortium, led by the Japan National Oil Company, assumes exploration costs of an estimated $120m. Losses will be shared with China if no oil is found. The article adds that China will put up 51 per cent of the development costs, which could reach $1bn and Japan the rest.

The agreement provides for a production sharing formula over a 15 year period which in effect gives China 57.5 per cent of output.

The French companies Elf Aquitaine and CFP-Total are also negotiating to undertake exploration and development in the north of Bohai.

Sony plans to launch videodisc system

BY GUY DE JONQUIERES

SONY of Japan intends to launch a videodisc system later this year, Mr. Akio Morita, the company's chairman, said in London yesterday.

Initially, the system will be compatible with Japanese and U.S. television standards. It will be aimed primarily at institutions and businesses for education and training.

Mr. Morita said he doubted if a significant consumer market would develop quickly for videodiscs. Video cassette recorders, which enable programmes to be taped off television or through portable cameras, would be preferred for home use for some time.

He said videodiscs would be costly to produce, requiring professional mastering as well as programme material, and would only be economic if a minimum market could be guaranteed. He expected many customers to be organisations who would make their own discs for internal distribution.

Mr. Morita's views contrast sharply with those of several other companies which have developed videodisc systems. Philips of Holland and RCA of the U.S., the first two companies to bring systems to market, both forecast a substantial consumer demand for the products.

The differences in approach may well be due to the fact that both Philips, through a link-up with MCA of the U.S., and RCA both have access to large libraries of film which they can transfer to disc. Sony, on the other hand, does not.

While technical details of Sony's videodisc system have not yet been disclosed, it is expected to be similar to that of Philips, which uses a laser beam to read signals embedded in a grooveless disc.

Mr. Morita was in London for the U.K. launch of its latest home video recorder, the Betamax C-7. A compact machine embodying several new features, including cordless remote control, it will go on sale next week at a recommended price of £721.

The Sony chairman said that he expected demand for video recorders to boom once market saturation reached 5 per cent of potential customers.

Japanese in Soviet steel pipe deals

By Richard C. Hanson in Tokyo

FOUR JAPANESE steelmakers led by Sumitomo Metal Industries, have contracted to export about 100,000 tonnes of seamless steel pipe to the Soviet Union from April-September.

The contract will be financed through private sector sources, according to Sumitomo. Negotiations on the shipment this year of large diameter steel pipe remain deadlocked over the issue of whether the Export and Import Bank of Japan should extend official direct loans to the Soviet Union. Talks on such credits, normally used to finance the more expensive large pipe exports, were delayed by the U.S. call for sanctions after the Soviet intervention in Afghanistan.

Steelmakers, however, have become less inclined to continue the freeze as European companies continue to sign export contracts with the Soviet Union (albeit with no direct government financing). The Japanese Government has decided that normal trade financing from the Exim Bank and the private sector should continue.

The seamless pipe order, carried a price about 10-15 per cent higher than a similar order last year, but Sumitomo declined to be more specific.

Du Pont, Akzo patents argument heats up

BY CHARLES BATCHELOR IN AMSTERDAM

THE PATENTS battle between Akzo, the Dutch chemicals group, and Du Pont of the U.S., is hotting up with the U.S. group challenging Akzo over a second chemical within a matter of months.

Du Pont has asked Enka, the fibres division of Akzo, to stop production and sales of a thermoplastic elastomer which Enka calls Arnitel and Du Pont markets as Hytrel.

Enka has no intention of ceasing its test marketing of Arnitel and will ask the Patents Office to declare the Du Pont patent null and void, the company said. Enka argues that the original patent for an Arnitel-like product was obtained by the British group ICI in 1952 and that this has now lapsed.

Du Pont published details of the composition and production methods of its Hytrel in 1959, so it cannot now claim it is still under patent, Enka said. The Dutch Patents Office was presumably not aware of the earlier patent or of Du Pont's having published this information when it granted the patent, said Enka.

Enka makes small quantities of Arnitel, which has the quality of a strong, hard, rubber and is used to make tubing, at its plant in Emmen in the north eastern Netherlands. Du Pont has asked Enka to reply to its request to stop production within two weeks, the Dutch company said.

An earlier action, begun by Du Pont against Enka last November, is still before the Court of Appeal in the UK, Enka said. This involved a claim by Du Pont that Enka's plans to produce an aramid, known as Arenka, infringed a Du Pont patent on its product Kevlar.

Small companies win UK export awards

BY OUR WORLD TRADE STAFF

BRITAIN'S SMALL companies should not be afraid of competing in the export field because they fear that only large companies can succeed, said Mr. David Mitchell, Parliamentary Undersecretary of State for Industry, when presenting the 1979-80 Export Award for Smaller Manufacturers yesterday.

Mr. Mitchell said that the "better end" of the quality range was found to be more useful for the small exporter, but he stressed that this was not vital. The basic requirement was a good quality product and one which gave value for money.

Examples of successes in this field were this year's five winners and five runners-up—who increased their exports last year by an average 212 per cent.

The winners and their products were: Healey Mouldings, thermoset plastic handles and knobs; Lion Laboratories, alcolyser and alcolmetre breath and blood alcohol analytical products; Martin Roberts, various types of doors including aircraft hangar and blastproof doors; Prestwick Circuits, printed circuit design and circuit boards; and GTS Flexible Materials, flexible laminates for the circuit industry.

The winning companies were awarded a trophy, an export award certificate and, for a nominated employee, a holiday for two in Kenya. The runners up received an export award certificate.

The annual award is the only incentive award backed by the Government specifically for small companies, and is sponsored by the British Overseas Trade Board, the Association of British Chambers of Commerce, British Airways and the Daily Express.

Swedish rail seeks leased rolling stock

By William Dullforce in Stockholm

THE SWEDISH State Railway, SJ, is seeking to put together contracts for the leasing of rolling stock from both domestic and foreign finance companies. The business could amount to about SKr 1bn (£105m) over the next five years.

SJ's leasing inquiries have been prompted by a cut from SKr 1.6bn to SKr 1.3bn in its allocations in the 1980-81 state budget. Mr. Ulf Adelsohn, the Communications Minister in the coalition government, has approved the railway's new financing approach but the final say rests with the Swedish parliament.

In recent years SJ has bought an average of 1,000 goods wagons a year, mostly from Gävle Vagnverkstad, its own subsidiary. Finance companies would be expected to buy wagons from this company for leasing to SJ.

Import penetration significant in third of industry

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

IMPORT PENETRATION bas significantly increased in the last two years in only about a third of the home markets of Britain's 50 main manufacturing sectors.

Some sectors have successfully resisted overseas competition and have improved their relative export performance.

A Department of Industry analysis of trade performance, published today in its weekly journal British Business, shows there is a wide variation in manufacturing industry.

There haa none the less been a definite deterioration in the UK's relative trade performance in the last two years.

The share of imports in home demand for manufactured products rose from 24.3 per cent to 25.7 per cent in the two years to September 1979. The abare of exports io British manufacturing companies' aales slipped from 24.9 to 24.5 per cent.

The same conclusion is reacbed by looking at imports as a percentage of home demand plus exports and at exports as a percentage of manufacturiog sales plus imports.

Tha figures confirm a continuing decline in the UK's relative trade performance, but they put into perspective some of the recent talk about the "de-industrialisation" of Britain.

The implication is that the major problema are limited to a minority of sectors and that trade performance is holding up better overseas than in the home market.

For example, import penetration bas risen sbarply aince 1977 in the textile—especially cotton — footwear, and leather industries, but there has been little change in the share of exports in total sales.

There are a number of sectors where there bas been both a rise in import penetration and a fall in the relative sbare of exports. The main examples are the vehicles and machine tools sectors.

In contrast, several sectors bave faced a rise in import penetration and bave managed to improve their relative export performance.

For example, the share of the bome market for food and drink processing macbinery taken by imports rose from 42 per cent to 58 per cent, but the sbare of exports in total sales rose from 50 per ceot to 63 per cent.

There were similar trends for office machinery, construction equipment, and organic chemicals.

But the ratios tell only part of the atory. In the mechanical engineering sector there was another sbarp fall in manufacturing companies' home sales of industrial engines. This resulted in furtber increases in both import penetration and in the export sales ratio.

BL results may lead to more redundancies

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL WILL today report its financial results for 1979 amid fears among union leaders that redundancies and plant closures could he greater than so far announced.

The compaoy has still to complete a review of facilities involving about 80,000 workers at BL Components and Jaguar-Rover-Triumph.

Mr. Ray Horrocks, managing director of BL Cars, told the Confederation of Shipbuilding and Engineering Unions executive this week reduced production would have "ramifications" for component manufacture.

The main concern centres on Pressed Steel Fisher, where the company bas already announced the planned partial cloaure of Castle Bromwich, Birmingbam, to remove excess pressing capacity.

Mr. Horrocks said until tbe review had been completed he was nnable to give a categorical assurance that the body pressing plant at Speke, Liverpool, which employs 2,000, would not he closed.

BL has told union leaders its rationalisation plan involving at least 25,000 redundancies must be accelerated because of poor sales—which have been blamed on uncertainty caused by four months of pay negotiations.

a last-minute appeal to national

Citibank to develop high street branches

BY MICHAEL LAFFERTY IN MONTE CARLO

CITIBANK of New York, the second largest bank in the world, plans an attack on the UK High Street banking market.

It proposes to convert its UK finance house subsidiary, Citibank Trust, into a branch bank, offering chequing accounts and taking in personal deposits. Test marketing is likely to start this year.

Mr. John Reed, Citibank's senior executive vice-president responsible for worldwide retail banking, said in Monte Carlo yesterday there was money to be made ln the UK braneb hanking market.

The country had the largest unbanked population in the developed world, and the clearing banks "tended to concentrate their efforts on the upper part of the market."

Citibank is the second major U.S. bank to show an interest in British retail banking. Earlier this week Bank of America, the world's largest bank, said it was offering bigher rates of interest than clearers for deposits over £1,000.

It plans to extend its chain of eight finance house outlets to 50 within five years.

Citibank's plans are potentially mnch more challenging to the way the UK clearers operate. Mr. Reed said tbe provision of cheque accounts was probably an essential feature for success in UK retail banking.

"I don't think yon can do it alone on the deposit side. if yon intend to stay long term in retail hanking," hc said.

Citibank Trust already bas more than 40 branches thronghont the country, and is one of Citibank's larger consumer banking operations outside America.

Mr. Reed said Citibank would soon launch new initiatives in its worldwide travellers' cheqne business.

The bank is one of the largest issuers of tbe cheques in the world, after American Express, and has decided not to join either of the international banking club schemes run by Visa or Interbank.

Mr. Reed said Citibank was having discussions about a possible joint venture with Japanese banks. Talks with Enropean banks were also planned.

Union 'made unlawful demands' for Liberian tanker's release

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE INTERNATIONAL Transport Workers Federation was alleged in the High Court yesterday to have unlawfully demanded that a Liberian shipping company sbould pay U.S.$6,000 to the ITF's welfare fund.

Universe Tankersbips Inc. of Monrovia—part of the group headed by shipping magnate Daniel K. Ludwig—had paid the money, under duress, to secure the release of a vessel "blacked" by the ITF, said Mr. Roger Buckley, QC, for the company.

He told Mr. Justice Parker in the Commercial Court that the 204,127-ton tanker Universe Sentinel had been "hlacked" when it docked at Pembroke in July, 1978, to discharge part of its cargo at the Texaco terminal.

The price of its release bad been tbat the owners should sign standard ITF agreements on the crews' terms and conditions of employment; pay back-wages to the crew totalling about $70,000; and pay $6,480 to the ITF welfare fund.

Because of the recent House of Lords decision in tbe Nawala case, Universe Tankersbips could not proceed with its claim that the agreements were invalid, said Mr. Buckley.

The Lords bad ruled that action taken by the ITF to get agreements on seamen's employment terma was in furtherance of a trade dispute and therefore lawful.

The company claimed that it was entitled to recover part of the $70,000 on the ground that 27 of the 41 crew had subsequently assigned their shares of the money to the company.

The main issue related to the money demanded for tbe welfare fund.

"We say that unlawful or improper demands were made on ua, at least ln relation to the welfare fund," said Mr. Buckley. It had not been a legitimate demand to make in furtherance of a trade dispute, be said.

The ITF had crossed swords with Universe Tankships before and had known that the Universe Sentinel was due at Pembroke, said Mr. Buckley.

Local union members, acting for the ITF, boarded the vessel and made certain demands on the master. Their demands were refused and it was made plain that the vessel would not he allowed to leave until the demands were met.

The ship was unable to get the assistance of tugs.

"We considered steaming oot without tugs but decided it would be somewbat hazardous hecause a couple of tugs were moored across the tanker's bows," said Mr. Buckley.

Tbe vessel sailed on July 29, 1978, after tbe ITF's price had been paid.

The action, expected to last a week, ls contested by the ITF and the crew. The ITF counter-claims $251,761, said to be the balance of the difference between the wage rates actually paid to the crew and the ITF rates they should have been paid.

The hearing continues today.

Ex-chairman settles with Wilkinson Match

By Andrew Fisher

WILKINSON MATCH has patched np its legal differences with Mr. Denys Randolph, who was sacked from the chairmanship last September after criticising management policies.

The company and Mr. Randolph have settled legal actions against each other out of court. Mr. Randolph was claiming damages for alleged wrongful dismissal. Wilkinson Match sought damages for his alleged breach of duty as a director.

After bis removal from the cbairmanship, Mr. Randolph stayed on as a non-executive director. He refused a £210,000 five-year consultancy offer as an inducement to step down.

He has left the company's main board as part of the settlement, and accepted the presidency, a non-executive post, of Wilkinson Sword, a leading company in tbe group.

He will also be a consultant to the subsidiary which handles the razor and garden tool activities.

Mr. Randolph said yesterday he had stayed on the board in the hope of being able to influence the situation. Last September be said he was concerned at the group's style, direction and worsening financial performance.

Since then the group has reported a slide in pre-tax profits from £9.27m to £6.43m in the balf-year to September 30, after problems in the shaving, match, and sunglasses businesses.

In a joint statement with Wilkinson, Mr. Randolph said be had no alternative hut to resign from the board as he had been unable to continue to influence company policy.

"They do not listen," he said last night. "I am a lone voice." He said the sum involved in the consultancy was not large. Wilinkson is also paying legal costs for both sides, which are described as fairly modest.

Wilkinson, 44 per cent owned by Allegheny Ludlum of the U.S., said it noted Mr. Randolph's views, bnt stuck by its own policies. At his request, it is paying £50,000 into welfare funds for the employees.

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Monopolies ruling is changed to take account of inflation

BY JOHN MOORE

COMPANIES which are the subject of takeover bids will have to show assets of £15m before the hid is referred to the Monopolies and Mergers Commission by the Department of Trade. The threshold now is £5m.

The announcement was made yesterday by Mr. John Nott, Secretary of State at the Department of Trade, in a written Commons answer to Mr. Anthony Grant, Conservative MP for Harrow Central.

Mr. Nott said: "The assets criterion was originally set at £5m in 1965 and was confirmed at that figure in the Fair Trading Act in 1973. The effects of inflation have gradually extended the scope of merger control."

He says the new measure, effective from April 10, will remove many small mergers from the scope of legislation while ensuring that significant mergers continue to be scrutinised.

The rule which allows a reference to the Monopolies Commission if a merger intensifies a market share of at least a quarter in the supply of goods and services, will not be changed.

Leaked BSC documents were used 'responsibly'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE USE Granada Television made of leaked British Steel Corporation policy documents was responsible investigative journalism on a matter of public importance, it was claimed in the High Court yesterday.

"This was not mischievous or scurrilous journalism. There is no suggestion that the documents were used to distort or present an unfair picture," aaid Mr. Alexander Irvine, QC, for Granada.

Granada is resisting BSC's claim for an order that it name the source of the leak.

The documents were used in a World in Action programme on February 4 and, BSC alleges, returned to the corporation "mntilated and censored" to prevent identification of their source.

Mr. Irvine told the Vice-Chancellor, Sir Robert Megarry, that Granada had promised its informant that his identity would not be revealed.

BSC's only gronnd for seeking a court order was an apprehension that more material might be leaked, he said.

"Granada states that, for all practical purposes, that apprehension is unfounded."

BSC said it wanted to identify the source, to dispel suspicion which existed as a result of the corporation's internal Inquiries.

Mr. Irvine suggested no one at BSC would "give tuppence" if the corporation stopped trying to discover the source.

He said the corporation had given "a measure of consent" to the use of the documents. BSC bad been given notice that the documents were to be used and had taken part in the programme—apparently to its total satisfaction.

A court injunction could have been obtained before the broadcast, but it was not until the following day that the lawyers came on the scene.

The bearing continues today.

River Wye bridge planned

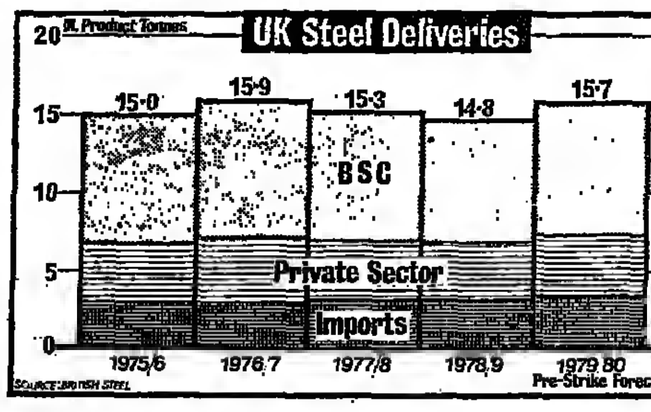
A new A48 bridge is planned over the River Wye at Chepstow, to replace a 163-year-old iron bridge.

An examination last year disclosed potential weaknesses in the old bridge, and £223,000 will have to be spent strengthening it until the new one is built.

STEEL TALKS BREAK UP WITHOUT AGREEMENT AS SOLUTION EVADES NEGOTIATORS

Grim assessment of 1980-81 market after strike

BY ROY HODSON



THE TELEVISION crews waited in vain in the lobby of British Steel Corporation beadquarters, Grosvenor Place, this week for news of a breakthrough in the strike talks. In the back rooms of the building the BSC commercial department has been compiling a grim assessment of the post-strike steel market for 1980-81.

In the final days before the strike started on January 2 steel was atockpiled and alternative lines of supply from foreign mills arranged.

Few steel traders tben believed the British Steel closure would persist into a third month, or most of the private-sector works be hrought to a standstill for part of that period.

Now be steel market ia beIng reconsidered on the basia that British Steel is likely to lose at least a full quarter's production, in addition to the recent private sector loaes.

British Steel ia producing some complicated production and trading forecasts for the coming 12 months.

One figure on the hottom line stands out. Steel-using industries and activities are expected to spend £250m less on steel in 1980-81 tban they would have if there were no strike and normal trading channels had been maintained.

This is one direct effect of the strike.

Conventional wisdom is that the money will be saved because a 1m-tonne reduction will be achieved in working stocks of steel held by steel-using industries and traders.

Companies which use steel in their manufacturing processes are rapidly becoming accustomed to working on more slender stocks and have been running down their working stocks during the strike.

Finance directors in industry have observed the new phenomenon of normal production supported by low steel stocks.

So far this year Britain has lost more than 2m product tonnes of steel production, worth abont £500m, as a direct result of the strike.

Only about 1m tonnes of that business is likely to be recovered by British Steel and the private sector after the strike. The rest has gone for good, if forecasts of the new robust attitude to carrying stocks prove correct.

Forecasts prepared for the board of British Steel suggest the home market for steel could reach 15.25m produet tonnes in 1980-81 if the strike finishes within a month. This compares with pre-strike estimates of a steel slump to only 14.25m tonnes for 1980-81.

Neither figure can be a cause for joy among steelmakers. In 1979, not a good year for the industry, market requirements were about 15.75m tonnes a year.

After the strike British Steel'a first priority will be to serve its customers to win back its trade.

Tha closure schemea for flat rolled steel production in South Wales, which are the key to British Steel's slimming-down strategy, will be deferred until every customer has been satisfied.

The longer the strike lasts, the harder it will he for BSC to win back its business from European and third-world steelmakers.

European companies supplying the UK market are consolidating the business which has fallan into their lap by seeking contracts with British customers atretching far beyond the expected strike period.

Mr. Gordon Sambrook, Britisb Steel commercial director, and a Board member, expects BSC to lose 5 or 6 per cent of its husiness in the period directly after tha strike, bringing its home market share to below 50 per cent.

He is determined that in the financial year 1980-81 BSC shall win back its lost business, and gain more.

If its works rationalisation programme proceeds, and be can sell steel made at low-cost prodnction plants, he sees no reason why British Steel should not regain 60 per cent of the bome market within 12 months after the strike, thus putting it into a more secure commercial position than for several years past.

A combination of lower-than-forecast bome demand for steel and a practice of holding extraordinarily low stocks could be disastrous to British Steel's hopes of recovery.

The principal worry of British Steel experts and other forecasters io tbe industry is that a demand for the British market of 15.25m tonnes in 1980-81 might not materialise.

Every hurdle crossed except the vital money question

BY CHRISTIAN TYLER, LABOUR EDITOR

IN THREE days of hard bargaining that hroke up without agreement on Wednesday night Britisb Steel Corporation and representatives of the 13 trade unions there crossed every burdle bnt the last—money.

A comprehensive document setting out all tbe productivity concessions that the unions would make was drawn up, with give and take on both sides. That document embodies much of what BSC has sought from the start of the dispute, and contains important concessions to the unions.

When it came to "pricing" the document, negotiations fell apart. BSC felt unable to raise its offer overall from the 14.4 per cent at which it has stuck for many weeks.

Tbe unions would have 10 per cent for this "enabling" agreement, and workers wonld get 4 per cent at least from local bonus schemes, provided they were negotiated in the works.

The unions went ln with a joint, and presumably negotiable, claim for 19 per cent overall—14 per cent at national level and 5 per cent instead of the 4 per cent minimum offered as bonus.

The two unions spearheading the strike, now in its 11th week, the Iron and Steel Trades Confederation and the National Union of Blastfurnacemen, had insisted that the bonus guarantees be paid to all workers whether or not they made local productivity deals. These deals would in effect be agreements to shed thousands of jobs.

The unions were prepared to drop that demand provided only BSC put 14 per cent on the table for the national increase. BSC stuck at 10 per cent.

Part of the unions' justification for the higher figure was that for the first time in the State industry's history all the unions sat at the same bargaining table, as BSC wanted them to do.

Since they were unable to commit themselves to making this a permanent arrangement, In the case of the ISTC for constitutional reasons as much as anything, this item appears to have evaporated as a bargaining point.

Apart from the two sides' fundamental disagreement about casb value of tbe productivity document, there are important shifts of position hidden in its careful wording.

For example, BSC has dropped its demand for a commitment to constructive joint discussions on streamlining manning at plants unaffected by closure plans.

This becomes acceptance by the unions of the continued need for discussions . . . with the objective of achieving international manning standards.

It may look a minor difference. It means a great deal.

Chemical industry 'to spend 14% less'

By Sue Cameron, Chemicals Correspondent

CHEMICAL INDUSTRY investment in the UK fell from £1.097bn in 1978 to £1.090bn last year — a drop of 10 per reot in real terms, according to a Cbemical Industries Association survey.

The survey, released yesterday, projects a further 14 per cent fall in the industry's UK investment this year. The downward trend is expacted to continue until 1982 at least, when the level of capital spending is expected to be 30 per cent lower in real terms than in 1978.

The association says the "downswing io the investment cycle has occurred sooner and more strongly than previously expected." This is a "response to the more difficult economic environment in wbich tbe industry now finds itself operating both nationally and internationally."

Chemical industry spending in the UK this year is expected to be only £1.078hn—in cash terms—compared to £1.366bn projected in last year's survey.

Investment is expected to rise to £1.172bn in 1981 and to £1.232bn in 1P82.

But in constant prices aggregate spending for 1981 and 1982 is predicted to be 17 per rent lower than was projected in last year's survey.

Sluggish

"Such an investment nutcome has bardly been a surprise in view of the dismal catalogue of economic events over the past year both externally and within the UK—including another major tranche of oil price rises.

"There has been sluggish home market development of manufacturing industry generally, reduced demand for chemicals as such, rising inflation and high interest rates, plus the threat of world recession."

Companies which took part in the survey empbasised as the main reasons for the drop in planned spending the deteriorating economic environment, increasing cash flow problems, downward revisions in the expected level of demand, and revised expectations about investment profitability.

Yet the survey found that spare production capacity in the UK would increase in the next few years. This suggests the industry will face serious problems in tbe 1980s.

"Despite the fall in the industry's planned investment programme, the margin of aggregate spare capacity is seen to increase from abont 8 per cent last year to about 19 per cent in 1982 to 1983—more than double the margin projected in last year's survey.

"This increase in surplus capacity is almost entirely due to the downward revision of the industry's forecast growth. Such a wide margin of total capaeity—if realised—indicates that the industry is facing some very difficult years ahead and it will inevitably be struggling bard to maintain employment, prices and profitability in the fare of continuing cost inflation and seevere international competition," the survey says.

Mr. Bernard White, chairman of the association's economic committee, said the results of the survey showed a "surpriaingly bright picture in the context of present difficulties." He pointed out that last year the industry contributed £1.5bn to Britain's balance of payments

Scotland

The survey indicates much of the new investment being planned by chemical companies will go to Scotland.

Last year only 10 per cent of investment went to Scotland but this figure is expected to rise to 26 per cent by 1982. A corresponding fall is forecast in the proportion of investment going to the Nortb East and North West of England.

The North West had 36 per cent of chemical industry spending last year and the North East 34 per cent, but these figures are expected to fall to 28 per cent and 26 per rent respectively by 1982.

The survey says spending on the three years to 1982 will be £3.5bn plus a further £2bn in new working capital.

The UK accounted for 24 per cent of the European Economic Community's total investment in chemicals last year. This figure is expected to drop slightly to 22 per cent this year.

The UK's current share of EEC chemicals' turnover is 21 per cent and the survey says this "should permit a development of our business at least as fast as that of the EEC as a whole."

Government in row over oil companies' suppliers

BY RAY DAFTER, ENERGY EDITOR

MAJOR OIL companies and the Government are involved in a row over how much North Sea oil producers will be allowed to retain for their own use under ne wlicence terms.

Leading producers such as British Petroleum, Shell, Esso and Mobil want to keep all the oil they find under the next, seventh, round of licences for use in their refineries.

They have told the Government they have become increasingly concerned about the loss of direct supplies from many traditional production areas belonging to members of the Organisatioo of Petroleum Exporting Countries. BP has been particularly badly bit.

In draft proposals for the seventh round put to the industry Mr. David Howell, the Energy Secretary, bas made plain that the Government wants to retain the State's option to buy up to 51 per cent of all new oil produced.

The UK Offshore Operators' Association, which represents Sea oil-operators, haa told Mr. Howell retenion of this State participation optioo will reduce commercial attractiveness of drilling operatioos.

The association is concerned ha by keeping he 51 per ceniffi that by keeping the 51 per cent the Government will proloog the special privileges of the British National Oil Corporation.

BNOC haa always sald it must have a seat on a field's operating committee, irrespective of whether it has an equity interest, to exercise its role as State participant.

Its officials point out that they need to know geological characteristics and production profiles to be able to plan BNOC's oil-marketing operations.

Private oil companies have complained to the Government that BNOC could use this confidential field-by-field information for itself. It is claimed that the data would help BNOC assess blocks not yet licensed.

The Government saya this confilct of ioterest will disappear with reorganisation of BNOC.

If the concept of State participation in oil ia retained—there are to be further talks beween the industry and the Energy Department—the crude would probably be handled by the trading arm of BNOC.

Under Government plans this trading operation is to be separated from the corporation's exploration and production interests.

BNOC's trading division would be turned into a wbolly State-owned company, while exploration and production would be transformed into a mixed-economy company with new private equity capital.

The rift between the industry and the Energy Department over partictpation oil and other exploration proposals may cause Mr. Howell to delay an announcement on seventh-round licences until after Easter.

Oil companiesbave been surrised by the line taken by Mr. Howell.

They had expected the Conservative Government would offer many more than 70 or so licences to be included in the seventh round, and hoped for more lenient treatment over disposal of oil found.

State participation in oil production was introduced retrospectively by the Labour Government in 1975, made mandatory in the fifth round in 1976-77, and confirmed in the sixth round, 1978-79.

The industry says sioce tbe sixth round oil-producing countries bave taken action to reduce the amount of crude sold directly to big international companies.

Shell estimates that this year the major companies can bny only 12m barrels a day of OPEC's exports, less than two-thirds of their needs.

Four years ago the majors bougbt between 17m and 19m b/d from OPEC, three-quarters of their needs. This swing has put more pressure on big companies to find new supplies outside OPEC—in the North Sea, for instance.

Consumers call for end to P.O. phone monopoly

BY JOHN LLOYD

A CALL to end the Post Office'a monopoly of the UK's telecommnnications services came yesterday from the major consumers' group, the Post Offire Users National Council.

The call complements submissions made by telecommunications manufacturers to the Government. They said there sbould be a limited liberalisation of the market, under general protection from imports.

Tbe council says the monopoly prohibits customers from obtaining the most modern equipment, imposes delays on acquiring even that equipment which is approved, and results in long delays in service and supply.

Mr. John Morgan, council cbairman, said yesterday: "The Government took a step in the right directioo when it decided to create a telecommunications monopoly.

"But unless monopoly powers it will otherwise carry over from the Post Office are curtailed, the new autbority will simply be Post Office telecommunications in everything hut name."

The manufacturers argued in favour of a freer market in business telecommunications systems — particularly office exchanges — hut proposed that the domestic telephone set should continue to be supplied and maintained by the Post Office.

Japanese decision likely soon on Decca plant bid

BY JOHN LLOYD AND GUY DE JONQUIERES

A DECISION on a bid for Decca's television plant by Japan Victor (JVC), the subsidiary of the Japanese electronics company Matsushita, is likely at a board meeting in Tokyo on March 25.

JVC executives have been holding talks with Decca aod inspecting the plant in the past week.

It is understood that no figure for a possible purchase has yet hen discussed. It is also not yet known whether JVC would use the plant at Bridgnorth, Shropshire — for the continued manufacture of colour televisions and Prestel receivers, or for video cassette records, or both.

JVC is a world leader in the strongly growing video cassette market. At preseot, no Japanese company has a manuaftcuring base for cassette recorders in Europe, where Philips, the Dutch electronics giant, heads the market.

Thomson CSF, the big French electrical manufacturer, is also understood to have expressed an interest in the Decca plant. Thomson, which claims about one-third of the French colour television market hut has limited exports, has recently been under strong pressure from the French Government to expand its international activities.

Thomson and Decca are understood to have held talks several weeks ago which came to nothing. But the French company is believed to be ready to reopen discussions if a bid by JVC fails to materialise.

Mr. Gulu Lalvani, chairman of Binatone international, who earlier expressed interest in buying the plant as a base for manufacturing microvisions and colour televisions, said yesterday he would await developmenta before deciding whether to pursue his intereat.

Robinson Trust will finance heart transplants

By Robin Pauley

HEART transplant operatioos will continue at Papworth Hospital, near Cambridge, at least until the end of 1982. The Robinson Charitable Trust, founded by Newmarket businessman Mr. David Robinsnn, is to provide £300,000 during 1981-82 to finance eight operations a year.

The National Heart Research Fund, which has paid for most of the transplants at the hospital, will pay for any further operations this year. It is raising £250,000 to estahlish a transplant centre at Papworth and possibly another at Leeds.

Mrs. Panline Burnet, chairman of Cambridgeshire Area Health Authority, said tbat after 1982 the hospital would need Government cash to continue its transplants programme.

Three jailed 5 years for corruption

Financial Times Reporter

A FORMER Dundee Lord Provost, Tom Moore, 54, former bailie James Stewart, 49, and businessman John Maxwell, 51, were each jailed for five years at Edinburgh High Court yesterday after being convicted of corruption.

Stewart and Moore were also banned from holding public office for seven years.

A woman juror was discharged by the judge yesterday after giving information to the court. Police are investigating her allegations.

The jury found all three guilty of corruptly soliciting and receiving gifts, fees, rewards and advantages.

Stewart and Moore were induced to use their influence as members of Dundee Corporation over 12 years to bring about the awarding of the giaot £5m Wellgate shopping complex development to clients of London Estate agency John D. Wood as developers, and to Crudens Limited, of Musselburgh, as builders.

Stewart was convicted of receiving travel expenses and accommodation worth £30 from Anthony Maunder, a partner of John D. Wood, for a visit to London.

Stewart was also convicted of soliciting money from Maunder and from Malcolm Matthews, chairman of Crudens, at a meeting in the North British Hotel, Edinburgh.

After Moore used bis influence to award the Wellgate contract, Maxwell corruptly solicited and received for himself and Moore a total of £6,320 from John D. Wood.

Wide probe planned into monetary policy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE INQUIRY into monetary policy by the all-party Treasury and Civil Service Committee of the Commons is likely to be one of the most wide-ranging examinations of the subject undertaken in public outside a university.

The committee bas appointed academic advisers from different backgrounds to help with the inquiry, which is likely to last from after Easter until the end of the year.

The advisers include two academics who have beeo critical of the present emphasis on monetary policy—Professor David Hendry, of the London School of Economics, and Professor Willem Buiter of Bristol University—and two who have been more sympathetic to this approach—Professor Marcus Miller, of Warwick University, and Professor Harold Rose, cbief economic adviser at Barclays Bank.

Professor Miller is chairman of the Treasury's academic panel, whicb advises on the structure of its forecasting model. He was the academic consultant on the design of the financial sector of tbe Treasury model.

These advisers bave been appointed in addition to others already serving the committee, some of whom may be involved in the inquiry. They include Dr. Alan Budd of tbe London Business School.

These academics have started preparing papers on their views about how the economy works and the role of monetary policy.

Public sittings are likely to start in May and will probably involve questioning of senior Treasury and Bank of England officials.

CONTRACTS

£4m power lines for Hong Kong railway

BALFOUR BEATTY POWER CONSTRUCTION COMPANY has been awarded a contract worth more than £4m to supply and install overbead power lines for the Hong Kong section of the Kowlooo-Canton Railway. Work will start shortly and is scheduled for completion by November, 1982.

★

BABCOCK-BRISTOL—a member of the Babcock Industrial and Electrical Products group—has a contract, worth about £750,000, for the instrumentation aod cootrol of two boiler turbine generator aets at the Muara Karang steam power plant in Indonesia. Situated at the mouth of the Karang River near Jakarta, the power station is being equipped with two new generating units by Mitsubishi Heavy Industries of Japan, each of 220 MW maximum output, supplementing the exiating three 100 MW oil-fired units. The contract has been placed by Perusahaan Umum Listrik Negara (PLN)—the agency of the Ministry of Mines and Energy—through U.S. consulting engineers Black and Veatch International of Kansas City, Missouri. Babcock-Bristol regards this contract as important because it represents the company's first major project with American consultants.

★

ELKINGTONS (TONBRIDGE) baa been chosen as the main building cootractor for tbe new intensive care unit at London's National Heart Hospital in Westmoreland Street. The hospital has been waiting for agreement for the scbeme for two years and work on the project, which will cost about £270,000, has started.

A second hospital building project is in progress at Maudsley Hospital, Londoo SE5. Elkingtons is the main contractor for the hospital's new £2m district services centre. The four-storey "H"-shaped block with a small single-storey block attached will provide a psychiatric service for Camberwell.

★

Contracts totalling about £200,000 for specially adapted electric valve actuators for use in a new power station at Eraring, New South Wales, Australia, bave been received by ROTORK CONTROLS, Bath, Avon.

★

A £100,000 contract for plant to extract free and soluble oils from a waste atream of coolant, wash water and run-off at BL Cars expanded Land Rover factory, Solihull, West Midlands, bas been awarded to the Hyde Products division of ZIMMITE (UK), London.

★

ROYAL DOULTON bas won a two-year contract, worth more than £1m, to supply bone china to Singapore Airlines, which is to convert its crockery from Japanese procelaio to Royal Doulton bone china progressively during 1980.

★

In a cootract valued at over £96,000, PYE TVT will be supplying sound-in-sync equipment for the aignal distribution system for the new fourth national television network. The new network's signals will be distributed by a oational link system using rented Post Office video lines between the London studio and the 14 regional distribution centres.

CONSUMERS DEMAND PROBE INTO EFFECT OF SPENDING CUTS ON CONSERVATION

Government energy policy attacked

BY MAURICE SAMUELSON

A SHARP attack on the slowing momentum of energy conservation programmes is to be launched today by ten leading consumer and enviromentalist groups.

In a letter to the Parliamentary Select Committee on Energy, the groups call for a probe into the effects on Britain's energy saving of recent Government spending cuts.

They say the Government has persistently cut spending on energy-saving schemes without serious discussion in Parliament. They ask for ao investigation by the committee.

The signatories include the National Consumers' Council, the coal, electricity and gas consumer councils, the International Institute for Environment and Development and the Town and Country Planning Association.

The letter follows allegations that the Government is systematically dismantling the broad-based energy-saving programme established under Labour, and that it places excessive faith io pricing to curb energy demand, while preparing to spend hundreds of millions of pounds oo U.S. pressurised water nuclear reactors.

While cutting out grants, the Goverment still maintains most of the £450m 10-year package introduced hy Labour at tbe end of 1977.

It has also endorsed the International Energy Agency's call for a 5 per cent annual cut io oil consumption, and backs development of coal, nuclear power and other alternative fuels.

Forecasts for UK energy consumption by the year 2000 presume 100m tons of coal equivalent, or 20 per cent of consumptioo, will be saved as a result of more efficient plant and conservation programmes.

Lower standards

The signatories to the letter to tbe committee list the following examples of Governmen policies on conservation:

- Plans for 14 regional home energy-saving advice centres scrapped by the Energy Department last September (cost £½m a year);
- The Industry Department's decision not to renew the £25m selective grant scbeme wben it expires in June. The two-year scheme was to help business to replace or improve boilers, insulate premises and instal or improve combined heat and power plant;
- Lower standards of roof insutation than recommended by the Energy Department are proposed by the Environment Department for new homes (three inches of insulation fibre instead of four), and there are fears that insulation standards may be dropped from building regulations;
- The bome insulation scheme budget has been halved to £12.5m, and there are no more separate insulation allocations for council homes;
- Proposed staff cuts may effect the Energy Department's information personnel specialising in conservation;
- Funds have been withdrawn from the scheme employing young people to help the elderly and disabled to insulate their homes.

On the Government's claim that pricing is the cornerstone of its conservation policy, the letter says: "On their own, higher prices provide only the incentive to energy saving — not the means to undertake the investments." It fears the cuts are leading to "an unbalanced eoergy conservation programme."

Similar allegations have been made in the past two weeks by Dr. David Owen, Shadow Energy Secretary. On Monday, he said tbe Government's policy of relying on market forces was inconsistent, since energy was a "managed market." He accused it of "destroying a broad-based conservation programme."

Tbe Government's answer to such complaints is that the success of a policy is not measured by the level of Government fonds devoted to it but by the results.

Mr. David Howell, Energy Secretary, anticipated many of today's complaints to the Select Committee in a letter to Dr. Owen, also published on Monday.

He said the reduction in funds under the Homes Insulation Act reflected the pattern of demand encouotered in the first 18 months of the scheme.

The Industry Department's £25m energy conservatian scheme, would end because Labour had said it was only for two years, aod had made no provision for further expenditure.

Since the change of Government, the Energy Department's expenditure on publicity and information had been increased —from £2¼m to £3¼m.

The advisory centres on home insulation had been scrapped because the ywould have duplicated the growing activities of the fuel supply iodustries, and would have heen only a six-month experiment.

Dearer Scottish electricity

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ELECTRICITY PRICES in Scotland are likely to rise about 17 per cent from April 1, eight months after tbe last increase.

The North of Scotland Hydro-Electric Board is announcing today that its tariffs will go up 17.2 per cent, and the South of Scotland Board is likely to follow suit with an announcement in two weeks' time.

Proposals are being put to the consumer consultative committee for the South of Scotland area, but the chairman of the board, Mr. Roy Berridge, has already waroed that a substantial rise must he expected.

Both Scottish boards imposed a 7.5 per cent increase in August after a rise in coal prices, and may have to make a further increase later tbis year.

Lord Kirkhill, chairman of the North Board, said yesterday the borrowing limits imposed by the Government and the need to improve the board's financial performance made a further increase almost certain.

He regretted this and said the board was undertaking stringent internal economies.

Flights halt at British Cargo

By Michael Donne
Aerospace Correspondent

BRITISH CARGO Airlines, which has been in the hands of a receiver since early this month, has ceased flying. Nearly 400 staff will be made redundant from today and only a skeleton staff will be retained.

Mr. Peter Copp, the receiver and manager, from Stoy Hayward and Company, said in a letter to staff that flying had to stop because of financial problems, although feasibility studies are not completed.

"Discussions are continuing with a number of people who have expressed an interesf in continuing the business, although it is not possible to say at this stage what the outcome is likely to be."

British Cargo Airlines' financial problems came to light earlier this year, when the airline announced a loss of more than £800,000 for the six months to the end of September since when there has heen no improvement.

The airline's fleet of six DC-8 jets and six CL-44 turbo-prop aircraft will be grounded.

The main sbareholders in the airline are Mr. Alan Stocks, its founder, chairman, and managing director, and Trafalgar House group, which has about 35 per cent of tbe capital. Other shareholders include members of the staff.

High canning costs will revive beer bottles, says report

BY GARETH GRIFFITHS

RISING costs in canning beer combined with tight profit margins for brewers and supermarkets could soon lead to a "revival" of beer bottles for which a deposit can be claimed on return.

This forecast comes from Mr. Colin Mitchell, a partner in stockbrokers Buckmaster and Moore and a leading hrewing industry analyst. In a report published yesterday* he says market forces will lead supermarkets to switch from beer in cans to bottle sales.

Consumers pay considerably more for cans than for draught sold in the public house bar, according to the report. The average price of a pint of beer in the UK, including lager and stout sales, is about 45p. Supermarket prices for a pint of light ale in two 10-ounce cans range between 42 and 52p and for lager between 50p and 58p a pint.

"Many companies admit that profits from canned beer sold to supermarkets are derisory and that the price structure can not be conducive to canned beer sales," the report says. A switch from canned sales to bottle sales has taken place in the U.S. and several European countries.

Mr. Mitchell said a half-pint can cost about 5½p last year. He estimated the cost of a returnable bottle at 8p but said a bottle could be used about 20 times and a can only once.

Canned beer sales last year accounted for about 30 per cent of the market, nearly all sold in supermarkets. Some companies estimate canned beer consumption will go up by half in the next eight years.

- The number of places licensed for people to drink on the premises in England and Wales increased by over 1,800 to nearly 88,000 last year according to Liquor Licensing Statistics published by the Home Office.

This increase mainly represented licences granted to restaurants and guest houses, which rose from 17,500 to over 19,200. At the end of June 1979 the number of licences granted to restaurants and guest houses was more than double what it was 10 years earlier. The number of licences granted to public houses and hotels open to non-residents at the end of June 1979 was just over 66,500, 500 higher than the previous year, but only 2 per cent higher than 10 years earlier.

Off-licences in June 1979 rose by 1,200 to 36,200, and registered clubs showed an increase to 26,600.

Licensed premises, registered clubs and theatres as at June 30, 1979

	Thousands of premises			Number per 10,000 population		
	England	Wales	Total	England	Wales	Total
On-licensed premises	82.4	6.4	88.8	17.8	23.1	18.1
Off-licensed premises	34.1	2.1	36.2	7.4	7.5	7.4
Registered clubs	24.8	1.7	26.6	5.4	6.3	5.4
Theatres	0.2	—	0.2	—	—	—

* Liquor Licensing Statistics for England and Wales, 1979, £5.50, from the Home Office, S3, Room 1813, Tolworth Tower, Surbiton, Surrey.

Thames appeal launched

BY LISA WOOD

A £1M APPEAL to conserve the River Thames and enhance its amenities was launched in London yesterday.

The Thames Heritage Trust, a registered charity, has been set up to provide money for conservation and improvement projects along the full length of the river, aod to build a riverside education centre.

A site valued at £250,000 has been offered to the trust, for the educational centre, by Kingston borough council. The trust has received a further £100,000 in donations of cash and kind.

Mr. John Coleman, the trust's chairman said, at a meeting at which the trust was formally launched that the river was threatened by erosion of banks and collapse of trees.

There was an increasing need for mooring spaces to accommodate pleasure boats. Water space, he said, was available in old gravel workings which could be used for this purpose.

These matters were not the responsibility of any statutory authority, Mr. Coleman said. It was really up to the public to take action. The trust was needed to provide professional advice and financial resources, free from any political or Government influence.

BASE LENDING RATES

A.B.N. Bank	17 %	Hambros Bank	17 %
Allied Irish Baok	17 %	Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	*17 %
American Express Bk.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	18½%
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk	17 %
Co-operative Bank	17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼%, and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

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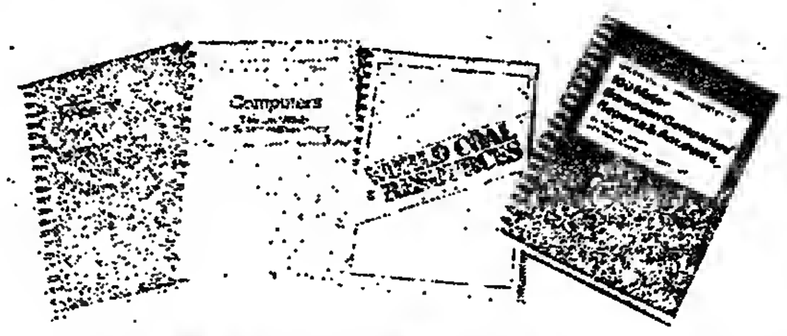

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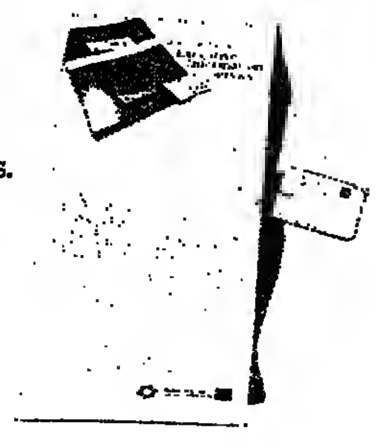

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UK NEWS—PARLIAMENT and POLITICS

Euro MPs' plea on privileges rejected

By Elinor Goodman, Lobby Staff

EUROPEAN MPs were put firmly in their places yesterday by the Select Committee on Services. The committee recommended that MEPs should only be given the bare minimum of privileges at the Palace of Westminster.

If accepted by the House, they would mean that European Members, whose expenses and allowances are the envy of Westminster MPs, would have less freedom to move around the House of Commons than the lowest-paid secretary to a Westminster MP.

Even the Strangers' Cafeteria — the lowliest of the many eating places in the House—would be barred to them during the lunch hour.

The recommendations follow a series of meetings at which Euro MPs have pleaded not to be treated like lepers and have repeatedly emphasised that they really do not have any ideas above their station. All they want, they have argued, are the basic facilities necessary to do their job.

The meetings have taken place against a background of deep hostility among some Westminster MPs who regard their European counterparts as somewhere beneath parish councillors in the political pecking order.

Both the Labour and Tory delegations at Strasbourg asked to be given the basic right of access to the House of Commons, together with some catering facilities, access to the library and the Gallery and somewhere to park their cars. The Tory delegation also asked for a room at the Palace which could be used for meeting members.

In its report published yesterday, the select committee recommended that only one of the MEPs' demands should be met in full. They agreed that European Members should be issued with a pass which would get them through the gates of the Palace.

They also agreed that Euro Members should be allowed to use the Strangers' Cafeteria, except between the hours of 12.30 and 2.30. It also proposed that some seats in the Gallery should be reserved for Euro Members but this privilege, like all the others recommended, would only be for a trial period.

The committee rejected the idea that Euro MPs should be allowed to use the research services of the main library and they recommend that MEPs should have to pay for the facilities of the vote office.

The committee, aware of the pressures on space at Westminster, also turned down out of hand the suggestion that rooms should be put at the disposal of European members.

Even though the recommendations fall far short of meeting all the wishes of European Members, some Westminster members may argue that they go too far. In the opinion of a small minority of anti-Marketeers, Euro MPs should be treated just like any other member of the public.

Most MPs, however, would probably agree that MEPs should at least have the right to come into the Palace as long as they do not start entering Holy of Holies like the Members' tea room or the Members' lobby.

Defeat on school transport

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT suffered a humiliating defeat in the House of Lords last night, when its proposals to allow local authorities to charge for school transport were thrown out by a huge majority of 104 (112-216).

To make matters worse for the Government, the defeat was the result of a rebellion of Tory peers led by Lord Butler, the architect of the 1944 Education Act, and by the Duke of Norfolk, the leading Roman Catholic layman.

Thus a Tory Government found itself in the embarrassing and extremely unusual position of being defeated by Tory peers, normally the most loyal of supporters.

As it became apparent that the Government had lost the crucial vote, a cheer went up from the Opposition benches, while Government Ministers sat in glum silence. There was an even bigger cheer as the figures giving the huge majority were announced.

The size of the defeat was the result of Tory peers combining with a coalition of Labour, Liberals, cross benchers and the bishops.

The result came after a three hour debate to a packed house during the committee stage of the Education Bill. The Tory rebels defied a last minute appeal from Lord Thorneycroft, chairman of the Conservative Party, and Baroness Young, Minister of State for Education.

The Duke of Norfolk was the first to speak in the debate and he told peers: "I believe that this clause should not be part of this Bill. I am the first person to believe there should be great economies and reform, and that education should take its share. But I think it is quite wrong that we should think of saving £20m to £30m, which is about a ¼ per cent of what is spent on the education budget of £8bn."

The Duke said charging for school transport would mean breaking promises made to two groups of people those in rural areas, and those attending denominational schools.

They would suffer "quite unjustly," he claimed.

At present school transport is provided free for those who live over three miles from school.

"I only say this to the Government: If they persist in this they will find it very very hard to get agreement on closing down any more village schools."

The Duke said denominational schools were often set up in a village between towns so that children could get to school conveniently by bus. Busing children was relied on, he insisted.

But he added: "In no way am I speaking for a selfish sectarian Roman Catholic attitude."

The Government last week retreated on its proposals in a bid to mollify Tory peers. But the Duke of Norfolk said last night the Government's amendment to make school transport charges apply only to the first two children in a family was "a shallow concession."

Kent was going to charge £2.50 per child a week, which meant £5 per family per week, he said.

To loud cries of approval from Opposition benches he urged all peers to reject the transport charges clause in the Bill.

"This is a revising chamber. It is our essential duty now to revise, to give the country and the Commons a chance to think again."

"I move that we allow the Commons to have another look and we delete this clause from the Bill," the Duke said.

With no seats left in the Chamber, peers were standing crowded by the doors as Baroness Young, Education Minister, gave the Government's reasons for introducing charges.

She said the present law laid down no rules on transport for children to denominational or special schools.

"The Government wished to preserve the basic fabric of the education system, in particular teacher numbers, for we believe that good teachers are central of the maintenance of educational standards in our classes."

Lord Butler, architect of the 1944 Education Act, supported the Duke of Norfolk in urging peers to vote against the Government.

"My objective in this is not to attack the Government. I am doing it because I am convinced that after a lifetime of service to education this is the only course I can pursue.

Speaking of the 1944 Act, Lord Butler said: "The question of transport was a vital part of the concordat in 1944. My partners in the settlement were given the assurance that their children would be got to school."

Tory party chairman Lord Thorneycroft, supporting the Government, said people had to face reality. The nation was so deep in debt that the interest on that debt alone would pay for the whole of the education service. "That is why we are faced with inflation soaring upwards and interest rates desperately high," he said.

Lord Thorneycroft said the argument was not just about money, it was about children, parents and families. He said the damage was not being done by the clause, but by the impact of inflation.

New law needed to limit benefits for strikers

BY IVOR OWEN

FRESH LEGISLATION will be needed to limit Social Security payments to strikers and their families, the Prime Minister told the Commons yesterday.

She promised a statement within the next few weeks—probably before Easter—outlining the Government's proposals.

Mrs. Thatcher assured Mr. Ralph Howell (C., Norfolk North), one of the leaders of the Parliamentary campaign to check Social Security abuses, that the study being made by Ministers was proceeding well.

She recalled: "We did make it clear in the manifesto—that we believe that those who are prepared to inflict hardship on the community by going on strike should not expect automatically to be fully supported by that community.

"We now have work under way to alter the supplementary benefits to strikers."

Replying to questions about the reform of industrial relations, the Prime Minister urged that the provisions in the Employment Bill should be given an opportunity to work before demands were made for tougher measures.

She had been asked by Mr. John Gorst (C., Hendon North) about the possibility of taking action against trade union funds.

Mrs. Thatcher stressed: "I think it would be best if we try to get the present Employment Bill through and see if that works."

The Prime Minister ruled out a national referendum on industrial relations reform.

But she hoped that much wider use would be made of secret ballots before unions decided to embark on strike action.

The Prime Minister again resisted Labour calls for Government intervention to settle the steel strike.

"If at the end of the day the management and those who work in its cannot reach agreement on their differences, then it cannot all go well for the future of the steel industry.

"They really must reach a settlement themselves."

Proposals on inquiry circulated

By Elinor Goodman

LABOUR MPs were last night circulated with proposals which the Shadow Cabinet hope will form the basis of the Parliamentary Labour Party's evidence to the party's commission of inquiry.

The Shadow Cabinet has backed the status quo on all the three main constitutional issues facing the party in the apparent hope that this formula will get the support of the majority of Labour MPs.

The proposals do not go beyond the key questions of the method of selecting the leader and drafting the manifesto and the re-selecting of MPs.

Some Shadow Cabinet members wanted to use the Commission to raise even more sensitive issues, like the composition of the Executive itself, but this was resisted by Mr. James Callaghan, the Party leader.

'Shoddy legislation' accusation

BY ROBIN PAULEY

THE GOVERNMENT was accused yesterday of trying to bring a shoddy piece of legislation onto the statute books without proper consultation, discussion or debate and of trying to get rid of the most embarrassing part as quickly as possible by starting afternoon and late night sittings.

Mr. Tom King, Local Government Minister, told the standing committee considering the controversial Local Government Planning and Land Bill that although good progress had been made, the present rate of dealing with clauses and schedules would take five months to get to the end of the Bill.

"That is outside the Government's timetable as we want the legislation this session," he said.

He moved the introduction of afternoon sittings which the Opposition unsuccessfully resisted but he granted them one concession in changing the proposed Thursday afternoon session to Wednesday.

Mr. Roy Hattersley, Opposition environment spokesman, said no other committee had made such good progress. The move for extra sittings came just as the committee reached the hotly debated section on reform of the rate support grant system and the introduction of block grant.

"There is a nasty suspicion that the Government now wants to get the debate about Part six (the block grant proposals) over as quickly as possible because it is causing them a great deal of embarrassment. Every day a Tory knight says something nasty or a Tory leader in a Tory shire points up another deficiency in the Government's scheme," Mr. Hattersley said.

He also said there was a suspicion that the Government now wants the Bill to run into the sand so they can produce a guillotine and blame the Opposition for holding up progress on the Bill.

The Opposition members of the committee confirmed privately that attempts to move the afternoon sittings into late night sessions will be countered by filibuster. They voiced suspicions that the Government, having run into trouble with its logjam of legislation, might produce a guillotine to deal with the Local Government Bill and Housing Bill at the same time.

Mr. Guy Barnett (Lab, Greenwich) said the Government had paid scant attention to the local authorities' alternative proposals on block grant and now wanted to consider the clauses in a hurry.

"The Bill was badly drafted from the start, the whole job is now being seriously rushed and we shall pay very dearly for this shoddy legislation," he said.

EEC farm price talks uncertain

BY PHILIP RAWSTORNE

MR. PETER WALKER, Minister of Agriculture, told MPs yesterday that there was "very considerable uncertainty" about the outcome of the EEC farm price negotiations.

"I cannot say with any confidence that there will be a speedy settlement . . . . There is no chance in my view of the Commission's proposals being accepted" he told the Commons select committee on European legislation.

Mr. Walker said that the Council of Ministers was in "very considerable disarray" and the situation was "very grave." He confirmed that the Common Agricultural Policy would cost Britain £1.17bn in 1980.

The only other member country on which the CAP would have an adverse budgetary effect would be Germany with an estimated net deficit of £228m.

Holland would be the main beneficiary, receiving £379m. The benefits received by the other member states would be Italy, £292m; Denmark, £278m; Ireland £255m: France £205m and Belgium and Luxembourg £38m.

Mr. Walker told the committee that, if Britain reverted to a system of agricultural deficiency payments, the cost would probably be in the same range as that of the Common Agricultural policy.

"I personally believe that the CAP has had a number of good effects in Europe," he said. But for the stability it had provided in France and Italy, those countries could have become Communist, he said.

The main faults of the system were caused by the attempts by some member states to use it to correct regional and social problems which should be tackled by other means.

Row over timing of Olympics 'free vote'

BY IVOR OWEN

A WAVE of all party criticism swept over the Government in the Commons yesterday when it was announced that the "free vote" in which MPs will decide their attitude to the Government's call for the boycotting of the Moscow Olympic Games will not take place until one o'clock on Tuesday morning.

The timing of the vote—it will follow a three-hour debate, starting at 10 o'clock on Monday night—was denounced by Mr. James Callaghan, the Opposition leader, as an attempt by the Government to "smuggle through" a controversial immediate publicity.

Mr. David Steel, the Liberal leader, and a number of Tory backbenchers including Mr. Terence Higgins, MP for Worthing and a former Olympic athlete, joined with the Labour benches in vain appeals for a longer discussion with the final vote taken at a time which would ensure the maximum publicity.

Mr. Norman St. John-Stevas, Leader of the Commons, who claimed growing support for the Government's view that it would be wrong to hold the Olympic Games in Moscow while Russian forces were still occupying Afghanistan, doggedly refused to change the time-table.

He argued that it was vital that the will of the House should be known before the conclusion of an international conference to be held in Geneva on Monday and Tuesday, at which it is hoped to organise a programme of alternative events of comparable standard to the Olympics.

The conference has been arranged at the instigation of the U.S., Britain and Australia, the nations who have led the campaign to prevent the Russian leaders exploiting the 1980 Olympics for a propaganda exercise comparable to that staged by Hitler, when the 1936 Games were held in Berlin.

Mr. Callaghan stressed that there was universal agreement over the need to condemn Russia's invasion of Afghanistan, but strongly attacked restrictions being imposed by the Government to prevent athletes who are civil servants or members of the armed forces participating in the Moscow Games.

Amid cheers from the Labour benches, he warned Ministers that they were being led into "some petty forms of tyranny."

Mr. St. John-Stevas stressed that debates on topics chosen by the Opposition were due to occupy the Commons up to 10 o'clock on Monday night.

Attempts had been made through inter-party consultations to rearrange the timetable so that an earlier debate could take place on the Olympic Games but it had not proved possible to reach agreement on an acceptable compromise.

Mr. Higgins maintained that the Government's task of persuading British athletes to support the boycott would not be made any easier by a debate limited to three hours which ended with a vote in the middle of the night.

The athletes were being asked to make a major sacrifice and they were concerned that, while they were being asked to bear the main burden, the Government was not doing everything possible within its own power.

Mr. David Ennals (Lab. Norwich) declared that the timing of the debate would be seen by the country as a "ludicrous way of dealing with a very important issue."

Mr. James Kilfedder (Ulster Unionist; Down North) contended that the Olympic athletes and their supporters would be fully entitled to disregard whatever wishes were expressed during a debate staged at such a time.

It was up to the Government to stage the debate at a proper time particularly as it was trying to force its "tyrannical attitude" on the Olympics on to the public.

Mr. St. John-Stevas made it clear that there was no question of imposing a legal ban on British athletes to prevent them taking part in the Olympic Games.

Athletes and unions outraged

BY DAVID TONGE

FOR UNIONS and athletes, yesterday was a day of outrage against the British Government's moves to disrupt the Moscow Olympics. The least trouble was caused by the announcement that Britain would be joining Australia and the U.S. — and anyone else who felt like it— in a meeting on Monday to discuss alternative sites for alternative Games.

That particular proposal has run into some flak from the international sporting community: earlier this week the International Amateur Athletics Federation decided to outlaw alternative championships, a decision which means any athlete who competes in them would be barred from sports meetings held in the 162 member countries of the IAAF.

But the reactions to the Government's decision not to give special leave for civil servants to go to Moscow have been more emotional. Britain's long jump star, Miss Sue Reeve, Birmingham Post Office worker, said she was bitterly disappointed that Mrs. Thatcher had taken this stand.

Other civil servants who could be affected include the runners Mr. Brendan Foster and Mr. Bernie Ford, the shot-putter Mr. Geoff Capes, a police physical education instructor, and the modern pentathlon team, whose predecessors won the gold at the last Games.

One of Britain's best medal hopes, the runner Mr. Sebastian Coe, said yesterday that he would compete in the Olympics unless the British Olympic Asociation refused the invitation.

For the civil service unions too it was "intolerable that any government should think that it can tear up agreements unilaterally."

LABOUR

Action by print union over pay

BY ALAN PIKE, LABOUR CORRESPONDENT

THE NATIONAL Graphical Association yesterday decided to launch industrial action in support of a better pay offer for its 65,000 members in the general printing and provincial newspaper industries.

A pay offer which is being put out to ballot by the other two unions involved — the Society of Graphical and Allied Trades and the National Society of Operative Printers, Graphical and Media Personnel — was rejected by the NGA national council.

The existing agreement with the British Printing Industries Federation and the Newspaper Society does not expire until late April but, as the employers have said they will not backdate any settlement, industrial action will start soon. Mr. Joe Wade, NGA general secretary, said the union would hit the employers "where it hurts."

Industrial action will be selective, at least in the early stages.

The offer is worth up to 20.6 per cent although there is disagreement between the sides about its average value. It would provide a staged reduction in working hours to 37½ by July, 1982, and includes provisions for improved job flexibility.

NGA negotiators believe that the £75 per week minimum earnings level for craftsmen provided by the offer is inadequate and do not think that the package is an adequate reward for the intended increases in efficiency. They also want the 37½ hour week fully implemented during the next 12 months.

Miners may put total ban on coal imports

BY ALAN PIKE, LABOUR CORRESPONDENT

A SPECIAL National Union of Mineworkers delegate conference will today be urged to campaign for a total ban on imports of any coal which could instead be provided by the National Coal Board.

The conference, in London, has been called to demonstrate the union's concern about the possible effect of imports on jobs in the British coal industry.

Members of the NUM executive yesterday approved a resolution expressing total opposition to unnecessary coal imports which will be put to today's meeting. It says the union will "not permit increased coal imports to be used as an excuse for colliery closures" and demands a ban on "wasteful investment in proposed new coal importing facilities."

Sir Derek Ezra, chairman of the National Coal Board, will have an opportunity to address today's meeting. The NUM executive will use the strong opinions which are certain to be expressed by delegates to maintain pressure on the Government and EEC Commission for adequate finance for the coal industry.

Miners' leaders are worried about the impact of increased coal imports in the electricity supply industry and the effect on miners' jobs of the British Steel Corporation's proposals to reduce capacity. But an attempt by South Wales NUM leaders to stage unilateral strike action over the steel closures was defeated in a pithead ballot last month.

● The Prime Minister is threatened with a mass demonstration from Yorkshire miners when she visits the area to inspect new development work at the Selby coalfield today. Letters have been sent to Yorkshire branches urging them to send demonstrators.

NALGO branches black rate work

BY PHILIP BASSETT, LABOUR STAFF

THE National and Local Government Officers' Association reported yesterday that almost all its local authority branches had stopped handling work for the issue of rate demands in support of a pay comparability claim for 560,000 white-collar council staff.

At national level, the union announced that it was to withdraw about £2m of union funds invested with local authorities in short-term loans.

Although the financial effect of the withdrawal will be tiny—local authorities borrowed a total of £2.6bn in 1978-79, of which £1.6bn was from internal sources—the union hopes that it will increase pressure on the employers and be taken as a further showing of its determination.

A NALGO official said yesterday that the money was unlikely to be used to finance any industrial action as the strike fund stood at about £1.3m, but it would be reinvested with other institutions.

The union said that almost all its branches, including those in the less militant shire counties, had blacked all rate work. Pressure to take part in the action was also coming from other groups, such as council rent collectors.

Air traffic controllers at Bristol Airport have voted to join those at Luton and Coventry in a four-day strike over Easter in support of the 10-22 per cent claim.

The employers' side, which has offered 6-12 per cent, meets on Monday to consider the action and a request from the Scottish council covering the grades involved for a meeting "with a view to achieving a settlement of the dispute that would give credibility to the comparability study."

Twenty-four MPs have signed an early-day Commons motion tabled by Mr. Norman Hogg, Labour MP for Dumbarton East, "deploring the failure of the employers' side to honour its commitments to local government officers on pay comparability, thus precipitating the current dispute."

BBC cuts 'lack courage'

By Pauline Clark, Labour Staff

THE Federation of Broadcasting Unions yesterday accused the BBC of "a marked lack of courage" in handling its financial predicament.

In their first joint response to the BBC's £130m cuts programme announced recently, unions representing 28,000 staff said the corporation should press the Government to allow it to make full use of its borrowing powers.

At the same time "urgent" consideration should be given to the financing of public broadcasting.

The unions made it clear they believed the BBC should have done this rather than "making proposals for widespread cuts which would inevitably damage its regional and local services and erode its competitive position in broadcasting."

It has shown "a marked lack of courage in the face of the fact that it has been provided with finance which it considers to be inadequate to enable it to maintain its present standards."

The BBC's borrowing powers were increased from £30m to £100m in 1979 in place of a licence increase. The corporation pointed out yesterday that it was already overdrawn by £50m and paying about £500,000 a month in interest, but it would give full consideration to any suggestions for helping it through its present crisis.

Calling on the BBC to withdraw its cuts proposals, the unions said they believed the plans had implications far beyond questions of employment.

It was a matter of public concern that the BBC should continue to provide television and radio programmes of high quality for majority and minority audiences. The BBC must be adequately financed, the statement said, if it was to compete with independent television and radio.

Bank staff reject 17% offer from clearers

BY NICK GARNETT, LABOUR STAFF

THE BANKING, Insurance and Finance Union yesterday formally rejected the 17 per cent pay offer from the principal English clearing banks.

Mr. Leif Mills, the union's general secretary, said the union would pursue its original claim, which apart from a general rise of 25 per cent seeks even higher rises on the minimum starting salary and for experienced cashiers.

Mr. Mills said that because of the separate arbitration decision at Lloyds—which gave managers there rises of 3.2 to 8 per cent backdated to July—it was now even more important to improve differentials for some groups in the lower clerical grades. The Lloyds arbitration resulted from a claim from the bank staff association.

The union is submitting claims to the five main clearing banks for rises of 2½ to 8 per cent for staff above the four basic clerical grades following the Lloyds arbitration.

Barclays has already agreed with the staff association at the bank rises of 2 to 6 per cent for its managers and other appointed staff following on from the Lloyds arbitration. Rises for managers are still under discussion with BIFU.

Civil Service pay rise cash limit due today

BY PHILIP BASSETT, LABOUR STAFF

THE Government today announces its long-awaited cash limit figure for pay and price increases in the Civil Service this year. This will be a key factor in determining the pay increase to be implemented in two weeks for 600,000 white-collar civil servants.

Union officials are convinced the Cabinet has set the figure in line with the 14 per cent limit set for other public service groups.

General secretaries of all the unions involved will meet after the announcement to consider their response. The level of the limit is likely to be crucial in deciding whether the unions will take industrial action again this year.

The Government is already considering staging the eventual settlement and implementing further manpower reductions in the service.

● The Civil Service Union, which represents about 47,000 lower grade civil service staff, has lodged a complaint against the Ministry of Defence on disclosure of information under the Employment Protection Act.

The complaint centres on the MoD's plan to employ contract cleaners at its offices in Bath and to make redundant 72 Civil Service cleaners.

Site workers 'will talk'

By Our Labour Staff

CONSTRUCTION UNIONS indicated to employers yesterday that they were prepared to discuss some of the clauses designed to improve site attendance and other productivity features included in the employers' pay offer.

But union negotiators said the employers' proposals, made at the last negotiating session and involving a 14 per cent rise in minimum earnings, were unacceptable.

The employers are drawing up a further pay package to be discussed later this month. They indicated that they would be ready to make some improvements on the money offer in return for union concessions.

The unions hope the employers will offer to meet some of the demands on improved conditions that are included in the claim.

Mr. Les Wood, general secretary of the Union of Construction, Allied Trades and Technicians said at a joint union-employer Press conference after a meeting that he hoped the eventual settlement would help to further decasualise the industry.

Unions in joint N. Sea campaign

UNIONS REPRESENTING Scottish and French offshore oil workers are to launch a joint campaign to recruit workers in the North Sea.

The campaign was agreed in Aberdeen yesterday between the Transport and General Workers' Union and the French National Union of Chemical Industries, which is affiliated to France's largest trade union federation, the CGT.

It will concentrate on the Frigg gas-field operated by the French company Elf Aquitaine.

Mr. Bill Reid, Aberdeen secretary of the Transport Workers union, said: "We will get a list of trade unionists from the CGT who are working on the Frigg field to bring them into the TGWU."

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Cameras take on a new dimension

A LITTLE known company without a profits record or even production facilitiea of its own is preparing to tackle the giants of the photographic markel. Nimslo, the braincbild of an American, Dr. Jerry Nims, and his Chinese partner, Dr. Allen Lo, has gained approval from the British Government in the shape of grants to belp it manufacture cameras which produce three-dimensional pictures.

In 1970, Messrs. Nima and Lo set up a company, Nimslo Technology, based in Atlanta, to develop the 3-D camera and lts processing aystem. It has taken ten years of "blood, sweat and tears" and has already used $3m of development capital from Nims' associatas in the U.S., many of whom have large sbare stakes or close family connections with such leading American corporations as Dupont, Honeywell, Bell and Howell and Lehman Broa, Kuhn Loab.

In 1978, tha partners came to Britain and aet up the UK subsidiary, Nimslo, whicb is 60 per cent U.S. and 40 per cent British owned. The City sbowed its faith in a virtual outsider hy subscribing around £3m for the UK bolding In tbe new company. The idea is to use Britain as a platform for a launcb into European markets which, in terms of wbat the Industry calls the "burn rate"—the number of films usad in each camera every year—offers more scope than Dr. Nima' own backyard. The European burn rate of 4-6 times compares with about 10 in the U.S. which, coosidering that film processing makes up about 45 per cent of all photographic speoding, offers plenty of untapped potential.

Dr. Nims also found the City less regulated than the U.S. securities market whicb, he believes, Is stifling the flow of venture capital. Graham Dowson, the former chief executive of the Rank Organisation, met Nims and was able to put him in touch with the Londoo stockbroking firm of Joseph Sebag, now Carr Sebag. The firm, in turn, found several institutional investors prepared to back the 3-D concept, among them Barclays Bank Pension Fund, the National Coal Board Superannuation Fund, Sun Alliance and Eagle Star. Given the City's normal reticence and its insistence on a solid profit record, it is hard to say exactly why tbe institutions subscribed so readily, although in terms of their own cash flowa the risk to each was quite small and Nimslo bad a working prototype which it was backing with some mouthwatering sales projections.

Its research shows that the world market for still cameras has grown at an annual average of aroond 12 per cent ovar much of the past decade. It reacbed $15bn by 1978 and, *despite general economic stagnation*, is thought to bave expanded by about a tenth last year.

Polaroid, one of the major camera manufacturers, sold 7.2m cameras last year against Nimslo's projected annual productioo of betwaen 100,000 and 200,000 units in 1981. If all goes well, however, output will rise tenfold by 1985 wben Nimslo hopes to have captured between 3 and 5 per cent of the market.

Graham Dowson, now deputy chairman of Nimslo, is convinced of the potential. "Nimslo is to photography," he said as the production plana were unveiled earlier this week, "what Xerox was to photography." As Rank makes much of its money from Xerox, he feels he la in a position to judge.

Feted by many companies throughout the world, the company bas picked as its manufacturer a partner with a tested record in camera production and with excess capacity. Tha U.S. owned watcb and camera manufacturer, Timex Corporation, has built around 40m cameras since 1952, 14m of these in Scotland, and until last year asemblad cameras for Polaroid at its Dundee plant. It therefore has a suitably skilled workforce available. Timax and Nimslo were brought together by the Scottisb Development Agency and, in an effort to retain 850 jobs in Dundee, the Government is to contribute £2.7m of the estimated start-up cost of £12m.

Timex will help with the balance of the working capital and tooling cost requirement but the proportions to be put up by each partner are not disclosed.

Nimslo professes not to be worried about patents, despite the sight of the two major manufacturers, Kodak and Polaroid, battliog In the courts last year over instant camera copyrights. Dr. Nims is convinced that baving devised a completely new photographic system for the 3-D camera, its processing and printing, Nimslo has "one of the most extensive ioternational patent systems in the photo iodustry. We have been quietly filing for years and have built up a minefield for any competition."

Timex bas the capacity to make as many cameras as the consumer will buy at around £90 each. Dr. Nims is "betting tbat in the next three years we can make and deliver a cost-effective product in one of the toughest markets in the world."

But time alone will tell wbether the world is ready for the extra dimension.

Ray Maughan

Profile

An heir apparent accounts for his progress through the mill

BY JASON CRISP

GEOFFREY WILSON'S eyes brigbten and bis smile broadens at the thought: "I *do* like to hear the sound of machinery: and fortunately I will be abla to hear a lot of it as I go round our factories."

As the recently appointed deputy chief executiva of the sizeable engineering group Dalta Metal (88th in Tbe Times 1,000) it ia perbaps only fitting that he should have such enthusiasm for machinery. Certainly there are pienty of directors In Britisb companies who seem as if they are only too glad to have turned their backs on the works.

But if you were thinking Wilson to ba a romantic engineer who bankers after the oily rag again, you would be wrong. He is an accountant.

Wilson's new year promotion would seem to leave little doubt that chairman and chief executive Lord Caldecote has all but named his successor. Caldecote, an engineer bimself, haa bean doing things step by cautious step. The first move began with a re-organisation in 1977 which created a new tier of management with the appointmant of two joint managing directors.

Step back

Up until then, there were 12 people reporting directly to him; the chairmen of six board product divisions, four from group staff functions, such as marketing and finance, and a deputy chairman who was responsible for the oversaas busioess.

By appointing joint managing directors and making eacb responsible for threa of the overseas product divisions, but retalning the head office functions, Caldecote was able to take one step back from the day-to-day operations.

By appointing Wilson as deputy chief executive, yet retalning both the cbairmanship and the role of chief executive, Caldecote has taken a further step back, but without handing over the reins. Head office functions—planning, finance, tecbnical, manpower and marketing—still report direct to the chief executive hut now the two joiot MDs will report to Wilson.

The ldea, according to Wilson, is for him to lift still more of the day to day burden from Caldecote's shoulders leaving him more time for long term policy and for bis activities outside tbe company—he is the new head of Finance for Industry, cbairman of Legal and General Assuranca, is on the board of British Rail and Lloyds Bank, and is chairman of tha Design Council.

It certainly looks—though they are not actually saying as much at Delta—as though the next atep in this apparently finely tuned manoeuvre would he for Caldecote in due course to relinquish his chief executiveship to Wilson and to become non-executive chairman.

Wilson, an affable man of 50, atarted off reading Modern Languages at Cambridge. Ha switcbed to Law about half way through because the study of languages was getting too eaoteric for bis taste and he wantad to do something a littla more practical.

But law was not ao mucb to his taste that be wanted to become a barrister; instead he opted for accountancy on the grounds that it was a good way to get into industry becauae he wanted to be "wbere the wealth was being created."

At the age of 26, equippad with his chartered accountancy qualification gained while articled to a City firm, he joined Englisb Electric as a management trainee in Stafford. Training meant spending a month in each departmeot, getting in other people's way. "It was a very tedious process and I was rather grean," be reflacts. "Foundries are a bit different from the City." He returns to this thame a little later when describing his stint with the group works accountant ln the bead office. "The City firm of accountants had been very genteel. In industry I had to learn how to put a view across in a discussion with someone wbo is taking a very hard line against it and, given the chance, will tear you to rags."

His time at English Electric was divided between periods spent working in head office and those spent in operating companies. It ls for the latter he appears to sbow greater enthusiasm. "I very mucb like it at the sharp end when you are part of an operating team running a business. At group head office you are one level removed although you have the advantage of seeing what is going on throughout the company—wbicb is enormously interesting . . . I enjoy them both."

Terry Kuk

Geoffrey Wilson (left), Lord Caldecote's successor in all but name: "accountants can make poor managers; they have to guard against their training."

When Plessey's unwelcome bid arrived in 1968 he was based in London as number two on the finance side. The announcement of the bid coincided with the start of bis holiday. "I heard the news on tha radio—it was as if the *Russians* bad landed," and he rushed back to London.

Given that Plessey was successfully outflanked, Wilson not altogether surprisingly reports that be enjoyed the bectic time spent defending English Electric from Plessey's attentions. And as number two in finance he bad had particular involvement with the profit forecast. He points out that it was the first major forecast since tbat made by AEI in its unsuccessful defence of GEC's overtures, when the predicted profit waa in fact a loss. "In that climate it was not easy to make a corroborative forecast."

If the Plessey bid was unpopular then the "merger" with GEC surprised most people at English Electric, says Wilson—although he was one of the few from head office who found be had a job afterwards. Of those who stayed "a lot of people just did not realise what had hit them. Tbe styles of management were very different. English Electric was *technically very good* but profits were not adequate and cash controls were not as tight as they might have been."

Wilson reckons that there are two rather interesting benefits to be gaioed from the wide scattering of a one-time corporate maoagement team as in English Electric's case. First it really tests each Individual so that when they succeed and re-emerge they have grown in stature. Second, it eventually means that there are a lot of friends who know each other well, working in a number of different coompanies. This makes for a strong network of contacts. The English Electric dining club still meets, be says.

Tbe style of managemeot at GEC came as something of a surprise to him at the time. For altbough GEC is now well known, at the time of the take-over English Electric staff tended to look down their noses at GEC wbich, until it had bought AEI, had heen quite small. "GEC taught me a lot. What struck me was the speed and crispness of the decision-making, tbe concentratioo aod tightness of cash controls: as someone from the finance function, what I found surprising was that all management thought that way."

But the English Electric old boy cluh was to claim him after a mere 18 months. Lord Caldecote enticed him to Delta to be finance director of the cables division on the clear understanding that he was being groomed to succeed the group finance director when he retired in three years. In any case, "I could not really see the way forward at GEC," he adds.

And in 1972 he duly became finance director of the group at a time when the company was setting about a fairly extensive acquisition trail—although only one—MEM—was contested.

Wet blanket

The "bridge into management," as Wilson puts it, was made in 1977 when he became joint managing director. He becomes a little pensive when he considers the suitability of accountants in straightforward management as opposed to the finance function.

"They can make poor managers: they have to guard against their own training when it comes to making decisions on risks and innovation. There is a great tendency for them to look at things through financial eyes rather than from a multi-disciplinary approach. After all, the previous chairman had told me when I was on the finance side, that my job was to be a professional wet blanket. In management you have to change that: it was perhaps easier for me since I had heen in engineering Industry for most of my life."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Robots from Rugby will compete

SUDDENLY IT'S raining robots, inclnding some from Zahnradfabrik Friedricbsbafen AG, one of the leading European manufacturers of *transmission* systems.

This German company is probably best known for the ZF gearboxes, and its ZF robots were designed for use in the company's own factories.

But apart from the robots themselves, the development programme included the design of materials-handling equipment to *bring* work to the robot. Handling equipment and robot can thns he integrated into one automatic system, and used to link production machinery. Thus this all-round approach to *robotics* is believed by the group to be unusual, as well as practical.

Hahn and Kolb (Great Britain) of Rugby is sole distributor in the UK of these. *ZF* robots, designed specifically for loading, unloading and bandling operations. They are in a category distinct from the robots intended for assembly operations or those that manipulate welding and spray-painting guns.

Several operations that would conveotionally be considered difficult for one of these have been performed successfully by the ZF machines. They include *picking* up loads from *moving* conveyors and handling bot metal billets in a forge.

Control units of the ZF robots are readily interfaced with other control systems. One application has been an automatic macbining cell comprising numerically controlled machina tools and the rohot wbicb does all the work-handling functions.

Hahn and Kolb, Leicester Road, Rugby, Warwickshire, CV21 *1NY (0788) 74261.*

Less noise in bottling

TO REDUCE the noise created by bottles or caos travelling at high speed on conveyor tracks in manufacturing plants Tantalic Acoustical Engineering bas designed its "Hushveyor."

This is made from 820 mm long sections which can be built up in any number to match the length and width of an existing conveyor system.

Each of these bygienic crevice-free sections—individually *supported* to *permit* any one to be independently lifted for track inspection or maintenance—is *manufactured* entirely from mirror-finish stainless steel, lined with a high grade, non-porous noise absorber which is not only tough and flexible but resistant also to most chemicals and the effects of daily steam cleaning and other stringent bygiene procedures called for within the food processing industry.

Tantalic, 155 Crayford Road, Crayford, Kent. Crayford 56114.

● INSTRUMENTS

Simple gas check unit

AMID THE many electronic instruments offered for the detection of unwanted gases in the atmospbere, Slehe Gorman has reverted to chemistry, using an absorbent indicator contained in a *disposable glass detector* tube.

Siebetec is a device which draws gas through the tell-tale tube with a manual pump. A separate indicator is used for each gas or vapour (over 100 are covered) and the shelf life of most of them is three years.

Accurate intake is ensured by a precision cylinder pump which is inserted into the end of the tube and operated once. *The indicator chemical* immediately reacts to prodnce a colour stain which extends from the inlet end over a length proportional to the gas concentration.

Each tube is marked with a scale calibrated directly in gas concentration in parts per million or per cent.

Siebetec, at Avondale Way, Cwmbran, Gwent, Wales NP4 1YR (06333 61211).

● IN THE OFFICE

Makes word processors work harder

PACKAGED software for retrieving and analysing information has ben added to programa for the Diamond 5 word and figure processing system prodnced by Data Recall. Analysis is a print-out of words *and figures, and can* be in a graphic presentation.

With this package a user can tailor the system to his own record or file format. It can *handle* one-line records cootaining up to 30 fields. A field may consist of as many as 30 characters with the total record length not exceeding 200 characters—the printing width of the standard printer. Within these dimensions a user may *specify any* data file for interrogation and analysis.

The package was initially developed for handling personnel records and has since been used for order processing, sales enquiries and other types of records, including medical.

The advantage is that work can be done locally, among other jobs, on an Inexpensive system. *Typically*, up to *1500* records can be held on a disc. With good disc management greater numbers than this can be accommodated. For example, a personnel records scheme that has been bandled as a pilot for this system bas over 6000 records on several discs.

Data Recall, Sondes Place, Dorking, Surrey RH4 3EF. *0306 880617.*

Looking like ordinary hinocolars, the Steadyscope is a monocular unit in which the image is stabilised against the movement of *the sbip* or aircraft by a gimbal-mounted mirror controlled by a battery-driven gyroscope. A push hutton uncages the gyro and stabilises the mirror and the view when required. The *Steadyscope can be traversed* and will maintain a stabilised image under normal conditions of use. Two versions provide x 7 or x 10 magnification. Weight is 2 kilos. British Aerospace Dynamics, Stevenage, *Herts. 0438 2422.*

Outdoor display

OPERATION over a temperature range of −10 to +90 degree C is possible with the liquid crystal fluid Type 06 now offered in the display devices available from Hamlin Electronics, Diss, Norfolk IP22 3AY (0379 4411).

Units using the fluid will therefore be suited to outdoor use in the marine, motor vehicle, agricultural and petro-*chemical industries.*

Such devices would need a drive voltage of only 4.5 volts *RMS and* have good contrast and viewing angle. The fluid is said to be very stable and is designed for use in conjunction with K-sheet polarisers, allowing storage at up to 90 degrees C in dry conditions and 50 degree C in a relative humidity of 95 per cent.

The displays turn black in 45 milliseconds when turned on, and back to transparent in 75 ms.

● METALWORKING

Light beam to measure the gear teeth

LASER MEASURING equipment which can measure key *dimensions* on different *types* of gears has been introduced into the UK by Survey and General Instrument of Edenbridge, Kent. It is manufactured by Diffracto of Ontario, Canada.

The new measuring system bas a laser sensor bead which *can* move in a fixed plane and a rotary table on which the gear under inspection is mounted. *The table can be rotated* about a fixed axis parallel to the plane of measurement.

As the gear rotates about the axis, the measuring baad monitors the position of the reflected beam.

In one design, the angular information from tbe rotary table and the output of the sensor are both monitored by an analyser based on an Intel 8085. When correlated, the two sets of data can be used to deduce a *fundamental* description of the gear under examination.

Equipment can be used in a number of different modes. First, the system can measure *the deviation of a gear system* from a known or nominal contour entered into the control compnter. It can also be used in a passive mode for measuring the parameters of unknown gear surfaces where the system will digitise at preprogrammed increments. Digital data is then passed back to the cootrol computer for analysis and display.

Advantages for the system include the use of non contact, and non-destructive measuring techniques. This represents an important advantage especially wbere very fragile or plastics gears *are* concerned. The method is also relatively fast: measurement time for three teeth of a *pinion gear is un*der two minutes.

Repertoire Includes involute errors, lead errors, centre errors, tooth spacing and tooth index errors, provided the computer is first programmed with the number of teeth, diametral pitch, lead, pressure angle, and allowable error bands for each *parameter*.

Survey and General Instrument, Fircraft Way, Edenbridge, Kent TN8 6HA. 0732 864111.

Titanium accurately cast

CONVENTIONAL investment mould materials expaod and contract under temperature by a minimom of 1.5 per cent. For this reason, eastings cannot be produced by the lost wax *process to tolerances* superior to ± five thon per linear incb.

In the case of titanium, a further problem is the necessity to use a mould coating which does not react with the molten metal. This is usually a *metal* oxide which is reduced under a hydrogan atmosphere whilst dewaxing and curing the mould. The metal is then poured under an inert *gas* such *as* argon.

However, a carbon investment mould material will maintain a constant error factor under temperature np to its melting point of 3,500 degrees C. Unfortunately, as with conventional mould materials, a number of metals, which include titanium, either react or combine with carbon, thereby creating even worse error *factors* than those experienced with conventional moulds.

A UK group has developed an inert primary slip, in conjunction with a carbon backing material, whicb will not react or combine with any known *metal* — no matter wbat the temperature. In order to prevent oxidation of the backing *material*, it *is necessary* to dewax, melt and cast in either reducing or inert atmospberes.

Under these circumstances, whilst it is possible to cast to accuracies of ± one teoth of a thou per linear incb, it is more normal to anticipate accuracies of ± half a thou per linear inch. In other words accuracies equlvaleot or superior to machining can be achieved.

I. Bier and Son (Overseas), Kemp House, 152 City Road, London EC1V 2PE.

Aluminium stock easy to roll

ALCAN ALUMINIUM has built a prototype continuous caster for production of bard-alloy reroll aluminium stock used in the transport and canning industries.

A commercial-scale caster of this type is being installed at the Company's Saguenay plant *150 miles north of Quebec City.*

It can produce 84-inch wide aluminium for immediate reduction into *reroll, from* which sheet products are later rolled.

Existing continuous casting equipmeot *at* the plant *allows* only 64 ins width in common aluminium alloys.

This programme will cost C$8m to complete.

● CONSTRUCTION

Repairs the cold store flooring

H.B. ICE CREAMS (part of the *Unilever Group*) *of Rathsaran*, Dublin, was faced with a flooring problem in its freezer store. Holes had appeared in the granolithic topping, and these were covered with steel plates as the freezer store could not close for repairs, and to raise the temperature in *order to cure a con*ventional resin-based flooring material wonld, in any case, present frost-heave problems.

But vibration resulting from bumping over *the steel plates* was causing damage to fork-lift trucks electrics. In addition, the steel plates were being moved over the floor, presenting a further bazard.

H.B. solved this flooring repair problem by the use of Reinauquik M. This comparatively new Goldschmidt seamless flooring material can be worked and cured at temperatures as low as minus 25 degrees C, as well as at normal room temperature, which means that repairs to spalled or broken concrete floor areas can be carried *out without taking a cold* store or freezer store out of action.

Within less than three hours of application it will develop a load-bearing capacity to withstand vehicular traffic, e.g. fork-lift trucks. When cured it is taint-free, easily *cleansible* and resistant to water and thermal shock.

Goldschmidt, Initial House, 150, Field End Road, Eastcote, Middx. HA5 1SA. 01-868 1331.

● SAFETY

Diving bell emergency

UDI GROUP of Aberdeen is releasing to the market its "2000" acoustic transceiver system for diving bell emergency communicatinns. This follows a programme of evaluation and testing of the equipment under operational conditions in the North Sea.

UDI 2000 is a single sideband suppressed carrier (SSBSC) through water communications and emergency pinger system, intended for use as a back-up emergency commnnications system for diving bells.

Communications frequency is optional (either 27KHz or 45KHz) while the *emergency* ping frequency, at 37.5KHz, is one recently adopted as a standard by *diving* companies and the diving inspectorates nf the UK and Norway.

The new UDI system is compatible with present UDI/Subcom "through-water" telephones and includes an external pressure housing for all bell unit electronics tn elliminate helium ingress or high pressure humidity problems. The bell internal nnit with a speaker/mike is housed in a small, flame-retardant, field-replaceable nnit. The system is powered from the normal bell emergency supplies or, if preferred, an nptional battery pack is available.

Advantages given by SSBSC, as compared tn a double side band *system*, are a 3dB reduction in electronic noise and a more efficient use of transmit power.

UDI Group on 0224 705050.

● MACHINE TOOLS

Bolt-on numerical control equipment

MANUALLY OPERATED milling macbines made by eight different companies can be converted to computerised numerical control at relatively low cost using the Crusader microprocessor system developed by Anilam Electronics Europe, 46, Potters Lane, Kiln Farm, Milton Keynes MK11 3HQ (0908 566868).

The system is claimed to be very productive whether the *workload* is a combination of one-off and batch production or quantity serial manufacture.

No numerical control languages need to be learned and large sections of program con*trol can be* prodnced *with the* simplest of instructions to the system claims the company.

Furthermore, the machine can continue to be used for the *purposes* fnr *which it* was originally purchased. The nperator is still able to move the macbine manually in feed in rapid, in a selection of three with federates pawsar cmfwypm "jog position, with feedrate over-ride, all with simple directional control by arrowed switches. He can also operate the machine by its handwheels.

The whola Crusader package *is designed* nn *the closed loop* principle, powered by DC servo drive motors through zero backlash gearboxes on X and Y axes and through tooth belt and ball-screw fnr the Z axis. Positioning is from Anilam glass scales providing 0.01/0.0005 inch resolution.

Important aspect of these units is that they are designed for easy retrofit to existing turret milling machines and the complete conversion, inclnding first stage operator training, takes only twn days.

FINANCIAL TIMES SURVEY

Friday March 14 1980

Valves and Pumps

Advanced countries have the edge in engineering skills over those with low-cost labour. Although trade prospects at present are poor, Britain is modernising its industry to take advantage of an upturn and remains a net exporter of valves and pumps.

Britain among world's leaders

By Geoffrey Owen

PUMPS AND VALVES are two sectors of mechanical engineering which offer good opportunities for industry in the developed countries. World demand is likely to grow faster than world trade as a whole, partly because a large part of it is associated with investment in energy production and energy conservation. The process industries are looking to pumps and valves of higher technology as a means of enhancing efficiency in the use of energy and raw materials.

While countries with low labour costs will become more competitive in standard products of simple technology, the bulk of these two industries' output, in value terms, requires a high degree of engineering skill in design, manufacture and marketing. Even in standard items, local manufacturers in the advanced countries can use their advantages of availability, service and close relations with distributors and customers to keep imports at bay.

Moreover the technology is not static. While there have been no revolutionary changes in pump design for some years, incremental improvements are taking place all the time. Nuclear power stations, offshore oil platforms, desalination plants—applications of this kind require new designs and new materials which oblige the pump makers to invest in research and development; the move towards larger plants and higher pressures in the process industries imposes special requirements on the designer. Similiar trends are at work in valves, where, for example, new types of high-performance butterfly valve are gaining ground at the expense of conventional products in oil and process applications.

Although some pump and valve companies have been in business for over a century and are well entrenched in their markets, it is possible for newcomers with an original approach to design and manufacture to break into the business. One example is Grundfos, the Danish company, whose technique of fabricating components from stainless steel has been applied both to domestic central heating pumps and to industrial pumps.

In automatic process control valves, a British company, Introl, was set up in 1967 and now has a leading position in the market, with a particular strength in the more complex and difficult process applications. Rotork, in valve actuators, founded in 1956, is another UK company which has achieved a strong international presence.

Such innovators, whether from outside or inside the industry, help to counter any tendency towards conservatism in such old-established industries, in which the inertia of the customer often discourages change. The slower growth and more competitive conditions which have prevailed over the past five or six years have forced many companies to reappraise their designs, their manufacturing methods and their approach to management, with salutary effects on competitiveness. Although trade prospects in the UK and overseas are discouraging at the present time, the steps being taken to modernise the industry should put it in a stronger position to take advantage of the upturn in business when it comes. Product development, backed by manufacturing efficiency and strong international marketing, will determine whether the UK remains, as is the case now, a substantial net exporter of pumps and valves.

Vitality

As the tables show, the UK is up among the leaders in the world trade league. This reflects the vitality of the two industries, consisting as they do of a large number of competing manufacturers. In this part of mechanical engineering, fragmentation is not necessarily a source of weakness because specialised companies are required for specialised products and markets. The broad-based companies like Weir in pumps and Pegler-Hattersley in valves are complemented by technically competent small and medium-sized producers which concentrate their effort in particular segments of the business.

Both pumps and valves are international industries; in most advanced countries the share of imports in domestic consumption is tending to rise.

The UK's links with the world market are reinforced by the presence of several American-owned companies. Some, like Crane in valves and Worthington in pumps, have had ties with the UK for many years. Others have moved in during the past 25 years, seeing the UK both as a substantial market in its own right and as a good location for supplying overseas territories.

The UK-based engineering contractors, some of whom are themselves American-owned, have been a valuable source of business, especially in the oil-producing countries, while the development of North Sea oil and gas has created opportunities which American companies were well placed to seize. In oil and petrochemicals, U.S. technology has to some extent set the world standard.

Some American pumps are produced in the UK under licence—like those made by the Bingham Pump Division of David Brown Gear Industries, which is a major supplier to the oil industry. But direct investment from the U.S. has been increasing. Ingersoll-Rand, which acquired the former Sigmund Pulsometer plant in Gateshead, is now a major exporter of pumps from the UK. Dresser Industries bought Dewrance, a specialist in power station valves, while Rockwell has made an agreed bid for Serck. The two American leaders in automatic process control valves, Fisher Controls and Masoneilan, are well-established in Britain.

Inward investment is not confined to the U.S. One of the leading European pump companies, Sulzer of Switzerland, has for many years had a factory in the UK making power station pumps and large pipeline pumps for water and oil. Last year Sulzer announced a £15m programme for a new pump factory in Leeds to provide a 50 per cent increase in manufacturing capacity.

Depressing picture

In the short term, the attractions of the UK as a manufacturing base have clearly been affected by the country's economic difficulties and by the strength of sterling. Although pump and valve manufacturers have benefited from continued exploration and production work in the North Sea, the requirements of other domestic customers, such as the water and power plant industries, have been static or declining. Suppliers of contractors' pumps have been hit by the slump in building and civil engineering; cutbacks in public expenditure have made matters worse. The progress report published last month by the pumps and valves sector working party painted a depressing picture of order intake and output, which was likely to continue throughout 1980.

Overseas, manufacturers have been hit by the virtual disappearance of the Iranian market, which in 1976 was the UK's biggest single export outlet for valves, and by cutbacks in other oil-producing countries—though Saudi Arabia remains an important customer.

More serious is the impact of the strength of sterling on the industry, especially on those companies which rely on exports for 50 per cent or more of their business. Prices in some products have been kept low by intense world competition; steel valves for the petrochemical industry are an example. Currency changes have helped manufacturers in the U.S. and Japan to enlarge their share of the world market.

In these circumstances the common advice is to move up-market into products which are less price-sensitive and have a higher technological content. But it is difficult for a manufacturer of standard products made in high volume to graft on to his operation a specialist low-volume activity. While specialist pumps and valves offer higher profit margins than standard items, the initial investment to get into what may be a relatively small business can be substantial.

In practice there are several possible ways of adding more value to the hardware which the manufacturer sells. One is to take on more "systems" responsibility, perhaps for the design and installation of a complete pumping station or for a package of control equipment in a chemical plant. Keystone, the U.S. company, gives the example of a $100 butterfly valve which, through the addition of actuators, remote control devices and other equipment, can become an item worth $500; by providing electrical control panels and complete systems the price of this one-valve package could reach $1,000. In other products the emphasis may be on distribution and service.

Over the next year or so, some UK-based companies will be facing some difficult strategic decisions as well as coping with a hostile economic environment. Fortunately the underlying strengths of the two industries, reinforced by the management efforts now under way, should ensure that they continue to make a sizeable contribution to Britain's trade surplus in mechanical engineering products.

PRINCIPAL EXPORTERS OF VALVES AND PUMPS
(figures in $m)

Pumps for liquids	Exports	Imports	Taps, cocks and valves	Exports	Imports
West Germany	954.8	244.8	West Germany	870.3	327.8
U.S.	616.4	241.5	U.S.	553.5	225.0
UK	386.4	214.9	Italy	392.9	129.6
Japan	365.8	58.2	France	384.2	270.4
France	361.1	270.2	Japan	370.2	79.4
Italy	260.2	165.3	UK	333.8	196.6

Note: Pump figures are for 1978 except for the U.S. where 1977 figures are used. Valve figures are for 1977.
Source: OECD

THE U.K. INDUSTRIES
(1978 figures in £m)

	Pumps	Industrial valves
Production	348.1	291.1
Exports	112.0	123.4
Imports	53.8	58.9
Exports as % of production	32.2	42.4
Imports as % of home market	18.6	26.0
Number of employees	26,000	26,000

Source: BPMA, BVMA.

CONTENTS

VALVES AND PUMPS II

Valve makers concentrate on areas that most suit them

THERE IS NO General Motors of the valve industry. There are at least a dozen principal valve types, each of which is available in a variety of different sizes and materials, depending on how it is being used. No company attempts to cover the full range.

Economies of scale are most obvious in the production of standard gate, globe and check valves for general industrial applications. In the UK, Hattersley Newman Hender is the market leader in this segment of the industry, producing valves at the rate of some 50,000 units a week.

This company is a subsidiary of Pegler-Hattersley, a group formed in 1968 by a merger between Peglers, a leading producer of engineers' valves and plumbing products, and Hattersley of Ormskirk, makers of industrial valves; in the following year another valve producer, Newman Hender, was acquired. With a turnover of nearly £100m (of which £41m is in industrial valves), Pegler-Hattersley is one of the largest valve manufacturers in Europe.

Its closest domestic rival in standard industrial valves is the American-owned Crane, whose main factory is at Ipswich. In the last few years this company has been consolidating its position after divesting itself of several unsuccessful acquisitions undertaken in the preceding decade. (One of these, Glenfield and Kennedy of Kilmarnock, a leader in waterworks valves, was sold to another American company, Neptune, now part of Wheelabrator-Frye.) It remains a leading producer of bronze, cast iron and steel valves and has been extending its interests into other valve types.

Valves for Russian methanol plants being fitted with low temperature hoods at the Dewrance plant at Skelmersdale, Lancashire

Key question

A key question for companies at this high-volume end of the industry is how far they should diversify into valves of higher technology. Although Pegler-Hattersley in particular had an excellent profit record in the first 10 years after the merger, part of its production is potentially vulnerable to competition from countries with lower labour costs.

Price competition has had a severe effect on the profitability of steel valves, supplied mainly to the oil and petrochemical industries. Here the main UK producers, Hattersley Heaton (another Pegler-Hattersley subsidiary) and Triangle-Valve, have been hit by Italian competition, apparently resulting from a price war among Italian steel foundries. Although the Italians have recently raised their prices, competition in world markets remains fierce.

Triangle, which exports 65-70 per cent of its output directly or indirectly, has been moving up-market to some extent, making the larger and more difficult types of steel valve, but the economics of this specialised side of its business depends on the base load provided by the standard products.

Pegler-Hattersley, too, has a stake in more specialised valves (notably through Woodhall-Daytona) and it has had a successful joint venture with Rockwell of the U.S. in McEvoy Oil Equipment, making valves and other equipment for offshore and on-shore oil wells. But there is a limit to the number of specialised market segments which are both big enough to interest a large, established company and accessible to a new entrant.

To take an extreme example, it would need a substantial investment for any UK company to rival the two established manufacturers of parallel slide gate valves for power stations (including nuclear power stations), Hopkinsons and Dewrance.

These two are major suppliers to the Central Electricity Generating Board and have a substantial export business. Some 80 per cent of Hopkinsons' business is related to power generation; the quality standards in this market are demanding and the engineering back-up considerable. Hopkinsons' parent company, Hopkinsons Holdings, has a wider portfolio of valve types through its other subsidiaries, Blakeborough, Bryan Donkin and Wolstenholmes, and the ability to offer customers a package deal can be an advantage. The group's turnover last year was £40m.

Dewrance has been owned since 1974 by Dresser Industries of the U.S. The link has been valuable in terms of technology and marketing, as well as finance; it is one of several cases where the injection of U.S. capital has helped to strengthen the UK valve industry.

For outsiders moving into the industry, the higher technology end of the business is obviously attractive. This is the policy being pursued by IMI, the metals and engineering group. Its first company, Sir W. H. Bailey, has cut back on its involvement in general-purpose valves, concentrating on pressure-reducing valves for steam, air and water, where it claims to be market leader. IMI Valves' two French companies, Mapegaz and Mecafrance, make ball valves for the petrochemical industry, while the most recent purchase in the UK, Samuel Birkett, specialises in safety and relief valves.

Similarly, Lake and Elliott's valve division, Hindle-Cockburns, has been seeking to shift the balance of its business towards higher technology. Hindle's strength is in corrosion-resistant valves for the chemical industry, while Cockburn's butterfly valves are well established in the marine field.

The ideal strategy, of course, is to invent a new type of valve which no one else has thought of and to keep competitors out either through patents or by manufacturing and marketing efficiency. This was what Mr. P. K. Saunders did in the late 1920s when he developed the diaphragm valve—a valve with a flexible membrane which ensures complete closure. It was used initially to prevent leakage in compressed air lines installed in South African gold mines, but it was later applied to other fluids, especially corrosive and hazardous ones in the process industries.

Saunders Valve, which since 1971 has been a subsidiary of Gallaher, the tobacco group, has retained a position of world leadership in diaphragm valves, but it has seen the need to extend its range into other valve types. Like others in the business, it was attracted to the so-called quarter-turn valves—ball and butterfly—which have been the fastest-growing products in the industry in recent years. Saunders, whose diaphragm valves are made at Cwmbran in South Wales, makes ball and butterfly valves in a separate factory at Hereford. In the last few weeks, Saunders has signed a licence agreement with Contromatics, a subsidiary of Litton Industries in the U.S., to make high-performance butterfly valves which have been gaining ground in the oil and petrochemical industries.

The advantages of the ball valve, which became established in the U.S. and Europe in the early 1960s, was that it provided a tighter shut-off than conventional gate valves and was more suitable to automatic operation. Worcester Controls and Jamesbury were the two U.S. leaders and both of them set up operations in the UK. The Norris brothers created Worcester Controls (UK) in Haywards Heath and rapidly achieved a strong position in the European market. In 1978, Worcester Controls became a subsidiary of BTR (see separate profile on page IV).

The other British company which moved early into ball valves was Serck, which formed a joint venture with Jamesbury and later bought out the American interest. Serck's valve subsidiary, Serck Audco Valves International, has sought to steer clear of the commodity end of the industry and would argue that most of the products in its portfolio have features which prevent them from becoming totally standard, mass-produced items. This applies to its lubricated plug valves, in which Serck claims to be market leader outside the U.S., its JSL ball valves, its Glocon process control valves and to its Gloceal high-performance steel butterfly valves.

Serck Audco Valves International, with sales approaching £50m, has overseas factories in Germany, France, Australia, South Africa and India. Its UK plants export 40 per cent of their production. If the agreed bid for Serck from Rockwell of the U.S. is successful, it will create one of the strongest international companies in the valve industry. Apart from its U.S. valve interests Rockwell already has a stake in the UK industry through Truflo, the ball valve subsidiary of Wilmot Breeden.

Growth diverted

The butterfly valve in its modern form has taken some of the growth away from the ball valve and again American companies have tended to lead the way. One of the most successful in this field has been Keystone International, whose sales rose from $36m to $84m between 1974 and 1978.

Keystone is manufacturing butterfly valves in Scotland and has recently extended its range by buying Cannon and Weir-Pacific Valves from the Weir group; both companies manufacture ball valves. These investments have been partly stimulated by opportunities arising from the North Sea—a development which has caused several specialist UK American producers of oilfield valves to establish themselves in the U.S. Cameron Iron Works has been making pipeline ball valves in Livingstone since 1968. Other recent entrants include ACF in Cumbernauld, TK Valve in Fife and Orbit Valve in Hayes.

These specialised high-technology companies will continue to play an important part in the industry. But for the larger groups, the strategic choice is more difficult. One view is that the industry will become more concentrated over the next decade and that the lion's share of the business will go to those companies which offer a wide range of products and organise manufacture and marketing on an international basis.

An interesting illustration of this theory can be seen in a sector which, because of the nature of the product, is rather separate from the rest of the industry — automatic process control valves. Here the two strongest U.S. companies, Fisher Controls and Masoneilan, are organised internationally. The market leader — in the UK and in the U.S. — is Fisher Controls, which has worldwide sales of about $500m. The Fisher valve was introduced to the UK after the war by Elliott-Automation, which later became a subsidiary of GEC. This part of GEC's business was merged last year with Fisher Controls in the U.S., in which GEC has a one-third interest.

Masoneilan, with worldwide sales of around $150m, is a subsidiary of Studebaker-Worthington of the U.S. It has organised its manufacturing and marketing activities on a global basis to secure economies of scale. Its valves and level controllers are made in factories in the U.S., Canada, France, Italy and the UK, each specialising in particular products.

British-owned competitors in this field include Serck Glocon, Blakeborough, Valtek (subsidiary of Amalgamated Power Engineering) and Hymatic, a member of the Huntleigh group. The fastest-growing newcomer has been Introl. It was founded in 1967 by Mr. E. W. Singleton, an engineer with Blakeborough, who believed that the trend towards more technically demanding processes in oil and petrochemicals would create a demand for a different sort of control valve, designed for more difficult applications.

Introl won its first orders from Courtaulds and Shell and it is now one of Fisher's strongest UK rivals. Since 1969 it has been part of George Kent, now Brown Boveri Kent; the links with an instrument company and with a major supplier of power station equipment have been valuable, especially in securing overseas business.

The Introl case shows that a newcomer can break into a market dominated by much larger, well-established companies. But it also suggests that if he is to make a real impact on the world market, international connections are important.

Geoffrey Owen

AUTOMATIC PROCESS CONTROL VALVES
(Some major products)

Manufacturer	Parent
Fisher Controls	Fisher Controls, U.S.
Masoneilan	Studebaker-Worthington, U.S.
Introl	Brown Boveri Kent
Serck Glocon	Serck
Blakeborough	Hopkinsons Holdings
Valtek Engineering	*Amalgamated Power Engineering*
Hymatic	Huntleigh Group

SOME MAJOR U.K. VALVE MANUFACTURERS AND THEIR PARENT COMPANIES
(Parent companies in capitals)

PEGLER-HATTERSLEY
Peglers
Hattersley Newman Hender
Hattersley Heaton
Woodhall Daytona
Guest and Chrimes*
McEvoy Oil Equipment†

SERCK
Serck Audco Valves Internatnl.

HOPKINSONS HOLDINGS
Hopkinsons
Blakeborough
Bryan Donkin
Wolstenholmes

CRANE COMPANY, U.S.
Crane

GALLAHER
Saunders Valve

BTR
Worcester Controls

IMI
Sir W. H. Bailey
Samuel Birkett

DRESSER INDUSTRIES, U.S.
Dewrance

ICFC
Triangle Valve

LAKE AND ELLIOTT
Hindle Cockburns

CAMERON IRON WORKS, U.S.
Cameron Iron Works

KEYSTONE INTERNTNL., U.S.
Keystone

TK VALVE, U.S.
TK Valve

ACF INDUSTRIES, U.S.
ACF

ORBIT VALVE, U.S.
Orbit Valve

LOW AND BONAR
Langley Alloys

This list, which is not comprehensive, gives a rough guide to the structure of the industry. Details of product ranges can be obtained from the British Valve Manufacturers Association. *40 per cent owned by Pegler-Hattersley. †49 per cent owned by Pegler-Hattersley.

VALVES AND PUMPS III

Water pumps under construction at the Glasgow plant of Weir Pumps for nuclear power stations of the U.S. Tennessee Valley Authority. Right: one of four GEC 100,000 amp 500 volt rectifiers used at the new ICI chlorine plant at Runcorn, Cheshire. The inset shows one of 16 Girdlestone pumps that circulate deionised water coolant through the rectifiers

Thriving pump manufacturers keep ahead of the field

ONE MAJOR British pump producer reckons that there are probably at least 2,000 companies around the world which compete against it in one or other segment of its business. Its marketing department keeps up-to-date brochures for 700 of these and makes a careful and continuing study of the top 50. That is a measure of the fragmented structure of the world pump industry.

At one end of the scale is a handful of companies, led by KSB of Germany and Worthington Pump in the U.S., which manufacture a wide range of pumps and compete in most major markets. KSB, whose main factory is at Frankenthal near Mannheim, had a turnover of DM738m (about $370m) in 1978, three quarters of which was in pumps, and about 8,000 employees.

Worthington Pump is a subsidiary of Studebaker-Worthington, which was recently taken over by another American conglomerate, McGraw Edison. In 1978 it made pre-tax profits of $24m on sales of $229m, but if its unconsolidated foreign affiliates are included (such as Worthington-Simpson in the UK), Worthington Pump's total sales in that year amounted to $340m; two-thirds of this total consisted of products manufactured in 18 plants outside the U.S.

Ingersoll-Rand, a diversified engineering company with total sales of more than $2bn, manufactures a broad line of pumps ranging from the largest units required in power stations and oil fields to standard industrial pumps; its network of pump factories includes plants in the UK (at Gateshead) and in Spain. Similarly Sulzer, the Swiss-based engineering group, is a broad-based pump manufacturer, with particular strength in high-pressure multi-stage pumps for the power generation and oil-related industries; it is also a leader in medium-pressure high flow rate pumps for water and oil pipelines. Sulzer has pump factories in the UK, France, Germany, Holland, Brazil and Mexico. Another large European pump company is Pompes Guinard in France, which since 1972 has been a subsidiary of Leroy Somer. It has several factories in France as well as plants in Spain and Italy.

A second category consists of the large specialists, companies which concentrate on one sector of the market but have a sufficiently large share of it to produce in relatively high volume. An example is Flygt of Sweden, which is the market leader in electro submersible drainage pumps, used by building contractors, in sewage works and in other industrial applications. Unlike most pump factories, Flygt's main plant at Lindfos in Sweden is organised on a production line basis, with an output running between 60,000 and 70,000 units a year.

SOME MAJOR UK PUMP COMPANIES

Manufacturer	Parent
Weir Pumps	Weir Group
Worthington-Simpson	Weir/Studebaker-Worthington
SPP Group	Booker McConnell
Allen Gwynnes Lee Howl	Amalgamated Power Engineering
Mather and Platt	Wormald International
Hayward Tyler	Stone Platt Industries
Mono Group	Gallaher
Hamworthy Engineering	Powell Duffryn
Sykes Pumps	Henry Sykes
Sulzer	Sulzer, Switzerland
Ingersoll-Rand	Ingersoll-Rand, U.S.
Flygt	Flygt, Sweden, owned by ITT
Grundfos	Grundfos, Denmark

Note: This table, which is not comprehensive, gives a rough guide to the structure of the industry. Details of product ranges can be obtained from the British Pump Manufacturers Association.

Flagship

With a turnover of around $250m and 3,000 employees, Flygt has been since 1968 a subsidiary of ITT. It is regarded as the flagship of what is now called ITT's Fluid Products Group. This consists of a number of pump companies acquired by ITT during the past two decades. It includes Bell and Gossett, the U.S. leader in domestic central heating pumps, and Loewe in Germany, a major supplier of booster pumps for domestic and agricultural purposes. Although the Fluid Products Group (which has been in existence since the start of last year) is hoping to develop some "synergy" between its various units, Flygt and the other member companies are run as autonomous businesses.

In the third category, representing the great majority of the world's pump manufacturers are the small and medium-sized companies, typically with a turnover of between £5m and £30m and an annual output of between 1,000 and 10,000 pumps. Some concentrate on a narrow range of products and markets; others are more in the nature of general engineers, making a mixture of standards and specials.

How big does a pump company need to be? In the 1960s the Labour Government's Industrial Reorganisation Corporation believed that the fragmented British pump companies were at a disadvantage compared to, say, KSB in Germany, and sought to bring about some rationalisation.

An important merger which resulted from the IRC's activities was that between Weir and Harland. It extended Weir's range of products and markets and led to some useful rationalisation between its three pump factories, subsequently reduced to two (see separate profile on page IV).

A further step might have been to bring Worthington-Simpson, a major producer of standard pumps, based in Newark, into the Weir Group. But Studebaker-Worthington, which at that time held only a small equity stake in the British company, wanted full control to supplement the engineered pumps produced by its other European affiliates.

Weir and Studebaker-Worthington agreed to share ownership of Worthington-Simpson on a 50-50 basis; although the American company has management responsibility, its British associate appears to enjoy a high degree of autonomy.

Meanwhile, the other leading British pump companies, some of which participated in discussions with the IRC, have gone their separate ways. The SPP Group (including Sigmund Pulsometer Pumps) a Booker McConnell company, sold one of its two pump factories, at Gateshead, to Ingersoll-Rand in 1970 and concentrated production at its Reading plant. Its range includes large sewage pumps, pumps for irrigation, and a variety of pumps for the oil industry, including units for crude oil pumping and for fire protection packages on offshore platforms.

SPP has sought to add value to its pump business by taking contracts for complete pumping stations, and to broaden its participation in the market. It has filled the gap in standard end-suction pumps by a licensing arrangement with Kirloskar, one of India's leading engineering companies, which manufactures pumps for sale under the SPP label.

More recently SPP has acquired Robot in Holland, one of the main rivals to Flygt in electro-submersible pumps for the sewage market. With a broad range of products, backed by good distribution and strong "software" support—the ability to engineer and instal complete systems—SPP aims gradually to enlarge its share of the world market.

The other major British pump companies tend to have strengths in particular areas of the market. Hayward Tyler, the Stone Platt subsidiary, has made a world name for itself through the development of its glandless boiler circulating pumps. More than 1,500 units have been installed in fossil-powered and nuclear stations throughout the world and Hayward Tyler has been particularly successful in the U.S. This product partly accounts for Hayward Tyler's unusually high export ratio—over 70 per cent—although it hopes that a revived nuclear programme in the UK will boost its domestic business.

Hayward Tyler is also strong in process pumps for oil refineries and petrochemical plants (originally based on a licence from Byron Jackson of the U.S.) and in submersible pumps for waterworks and irrigation.

Similarly, Mather and Platt takes a selective approach to the market. While standard pumps provide a base load, it puts increasing emphasis on engineered designed products for the oil, chemical, power and water industries. Last year, for example, it won a £2m order for nine multi-stage pumps for high-pressure water injection on the Statfjord "A" and "B" platforms in the North Sea. The pumps incorporate Mather and Platt's super-stainless steel, Zeron 25, which has particular advantages in seawater applications.

APE-Allen, the Bedford-based subsidiary of Amalgamated Power Engineering, has traditionally concentrated on the larger end of the pump range for public authorities. Allen Gwynnes has gone for specials rather than standards; it is noted for pumps which move large quantities of water against medium and low head, such as cooling water pumps for power stations and intake pumps for water works. The ability to engineer a complete pumping scheme was one of the factors behind the purchase of Lee Howl last year; this company's strength is in smaller pumps which complement those of Allen Gwynnes and are often needed to make up the complete package required by, say, a water authority.

Whether a company is large or small, the product is the key to its success. The ideal is to have a design which is so far ahead of the competition that it creates a market of its own. But that uniqueness rarely lasts for long and the task is to stay ahead as competitors move in. Mono Pumps, part of the Mono Group Pump Division which is owned by Gallaher, appears to have done just that.

French invention

The Mono positive displacement pump, which uses a "progressive cavity" action to push liquids along, was developed in France before the war and the British company was one of several licensees; the Mono pump is especially suitable for abrasive fluids in the food and chemical industries. Although the patents have long since expired, Mono Pumps has retained a dominant share of the UK market.

The division management seeks to improve the performance of the pump through technical innovation, while adding to the range with further acquisitions; these include Stainless Steel Pumps and Metering Pumps. Thus the original product innovation is the basis for a broader attack on those parts of the fluid handling business which are thought appropriate to the company's marketing and manufacturing strengths.

There are numerous companies which set their sights at particular markets and compete effectively—British LaBour in chemical pumps, Sykes in contractors' pumps (backed by a large plant hire business), Hamworthy in marine pumps, Simon-Warman in coal slurry pumps, and many more. Some of them have proprietary designs which deter competitors; or they may have expertise in difficult applications, involving special materials or advanced manufacturing techniques, so that the entry barriers for a newcomer are high.

For these companies, some of which have annual turnovers of less than £10m, the strategic problem is likely to arise if they begin to want larger markets and faster growth than is available in their particular field of specialisation. That is when the advantages of bigger financial and technical resources—and stronger international connections—become apparent.

G.O.

Weir's cost cuts strengthen its world market position

DURING THE last 10 years, Weir Pumps, Britain's largest pump manufactorer, has increased the proportion of its output sold overseas from 25 per cent to about 60 per cent. It has bad to contend with a drastic decline in its two traditional UK markets, power generation and marine. By developing new markets and new products, and by reducing its manufacturing costs through rationalisation and investment, Weir Pumps bas established a stronger position in the world pump industry which should provide the basia for growth over the next decade. This year the company is expected to achieve sales of about £75m with 4,500 employees.

New product development has brought success in two important markets, oil aod nuclear power. Weir bad been a supplier of auxiliary pumps to the oil industry, but the deeper water and barsher conditions of the North Sea and otber offshore developments created a market for a new type of pump for pipeline use and for water injection.

Weir's barrel-casing pump design bad the extra ruggedness, reliability and ease of maintenance that tbe customers wanted. The first order was for the BP Forties field. Since then the concept has been sold aggressively to the oil industry throughout the world, including the U.S.

It was a way of adapting Weir's power station and marine technology to a market in which the company had previonsly little experience. Until these latest developments, for example, Weir bad produced very few pnmps to be driven by gas turbines, wbich are widely used in offshore oil and gas installations. Within the power industry, meanwhile, Weir has developed a new range of safety-related auxiliary pumps for nuclear stations. Thls complements the company's established position in large boiler feed and cooling water pumps for conventional power stations.

Wide range

Weir continues to produce a wide range of pumps for water, sewage and general industrial applications, but the product range and thc manufacturing facilities have been extensively rationalised as part of a £12m investment programme over the past few years.

The main Weir plant at Cathcart produces the multi-stage and barrel-type pumps as well as the middle range of the split-casing pumps, while the former Harland plant at Alloa makcs the small end-suction pumps as well as the top end of the split-casing range and vertical pumps. A new iron and non-ferrous foundry and a hydraulics laboratory have been built at Alloa.

Within both Cathcart and Alloa, machining and assembly operations have been re-equipped and sub-divided into what is in effect a group of small factories, each responsible for a family of products.

Weir's main strength is in split-casing, multi-stage and borehole pnmps, mainly in the larger sizes and often involving a degree of special engineering to suit particular customers. Batcb sizes are rarely larger than 10-15 aod more commonly 3-4.

While Worthington-Simpson in Newark, a leader in standard end-suction pumps, turns out about 24,000 small pumps a year, Weir's annual output is around 5,000 larger units. There are marketing and production advantages in having a wide portfolio of pumps and that was one of the reasons for Weir's interest in Worthington-Simpson in the late 1960s; it holds a 50-50 interest in this company with Studebaker-Worthington of the U.S.

Another joint company, Worthington-Weir, sells Weir pumps in the U.S., but Studebaker-Worthington has recently been taken over by McGraw Edison and it is not yet clear what impact this will have, if any, on the relationship between Worthington and Weir.

Weir's greater exposure to world markets—the export ratio is likely to stabilise at betweeo 60 and 70 per cent—has forced the company to be quicker on its feet in tendering and in delivery and to upgrade the quality of its salesmen, who often have to take technical and commercial decisions on the spot.

Competition

Weir has service centres in the Middle East, Africa, the Far East and Canada. A recent order for boiler feed pumps in China, won in competition with tbe French and Germans, was a pleasing confirmation of Weir's international status.

Like every olher British exporter, Weir is bard hit by the strength of sterling—in a recent Saudi Arabia bld the Japanese were 40 per cent below the British price—and this glves even more importance to product development, providing better technical solutions to the customer's problems, as the key to the company's future.

COMPANY PROFILES

Geoffrey Owen looks at four companies whose strategies illustrate the competitive pressures at work in the two industries.

Grundfos breaks tradition

THE STORY of Grundfos, founded in Bjerringbro, Denmark, by Mr. Paul Due Jensen in 1945, illustrates the fact that a newcomer with original designs can break into a bighly traditional industry. The Grundfos designs are based on components fabricated from stainless steel and other non-traditional materials—instead of the conventional pumps machined from iron and steel castings — and production is organised on a flow-line basis. Mucb of the equipment and machine tools required for pump production has been designed and manufactured by Grundfos itself.

The range Includes domestic central heating pumps, produced at the rate of 3m units a year, and industrial pumps now being turned out at the rate of ahout 450,000 units a year. Last year, Grundfos had a turnover of DKr 950m (about $170m) with nearly 4,000 employees. Outside Denmark the company has factories in Germany, France, the UK and the U.S.

Market leader

Grundfos makes vertical multi-stage centrifugal pumps for a wide range of boiler feed, booster and general service duties. In the UK it has been particularly successful in applying pumps for packaged steam boilers, where it is the market leader. In thia and other fields, including water supply for agriculture and horticulture, Grundfos has taken husiness away from makers of conventional pumps. The UK company makes industrial pumps at its factory at Leighton Buzzard. This is quite separate from its factory at Sunderland which makes central heating pumps.

The intention is to extend the range into other parts of the pump market where Grundfos's designs and high-volnme manufacturing methods are appropriate. The use of fabricated stainless ateel for Impellers and other components yields savings in materiala costs—despite the bigher initial price of stainless steel—and produces a ligbter pump which has advantagea in many applications. The technique is beginning to find imitators, but Grundfos bas an edge in volume and experience which it should be able to bnild npon.

Worcester set to expand

BTR, THE British engineering conglomerate, bas a reputation for making sbrewd take-overs and for putting the assets it acquires to good use. So the valve Industry has been watching closely to see what it would do with Worcester Controls of the U.S., one of the world leaders in ball valves, which was acquired in May, 1978. BTR said at the time that there was scope for "further profitable expansion" of Worcester's product range. Mr. Bill Nesbitt, the Canadian wbo recently became managing director of the Britisb subsidiary, Worcester Controls (UK), bas clear ideas about how the expansion is to be achieved.

Failing

In the 1950s Worcester in the U.S. was a failing gate valve manufacturer, but It was used by Mr. R. C. McCray and two others as the basls for launching a highly innovative ball valve. The three-piece design made for easier installation and maintenance and tbe new valve provided a tigbt shut-off on difficult liquids like alcohol where gate valves were notoriously subject to leaks. It used Teflon and other new plastic materials for the seats and seals.

Within a few years, Worcester and the other leading American ball valve company, Jamesbury, were well established in the process industries. Mr. McCray then set about international expansion by forming joint companies with local nationals in the UK, Canada, Brazil and Argentina.

In the UK the Norris brothers at Haywards Heath built a factory to make Worcester ball valves and rapidly achieved a strong position in the market. (In 1961, Jamesbury formed a joint company with Serck to make ball valves In the UK, but Serck later bought out the American interest.)

During tbe 1960s a number of other companies, in the U.S. and elsewhere, came into the valve business, some of them with poor designs and inadequate production facilities. Some end-users also made the mistake of using ball valves to deal with pressures and substances for which they were quite unsuited.

But by 1970 the prodnct bad settled down, the specifications were establlsbed, and although the market was still crowded, demand continued to grow by some 10 per cent a year, well above average for the valve industry. However, Worcester's financial and market performance began to deterlorate, especially in the U.S., and some of the principal shareholders saw advantages in selling out to a large group. BTR cmerged from several possible candidates and despite Initial resistance to the terms by the Norrls brokers (who were significant shareholders in tbe U.S. company) succeeded in buying the business for $48m.

Mr. Nesbitt, who had run Worcester Controls in Canada, became president of tbe U.S. company and last July moved to become managing director in the UK. Sales and profits bave already showed a bealthy increase in the U.S. and be has persuaded BTR to spend £2.5m on capital equipment in the UK plant. He is determined to improve the efficiency of the UK operation and in particular to achieve a big reduction in delivery times. He is working bard on the suppliers of castings and other components to match his tighter delivery requirements, but if they fail he will not hesitate to place the business outside the UK.

Looking further ahead, Mr. Nesbitt would like to hroaden Worcester's participation In the valve business, particularly In the quarter-turn ball and butterfly valves which lend themselves to automatic operation and for which world demand is likely to grow rapidly. These new products may come either through internal development or through acquisition.

He thinks the aoility to offer contractors a package deal, supplying all the valves needed, say, for a blg gas plant (where the valves could account for as much as 20 per cent of the total cost), will be an important competitive advautage. So, too, will be the ability to source the products in several different factories around thc world.

'Smart valve'

At the same time, Mr. Nesbitt wants to add more value to the valve—tbe "smart valve," as he calls it—by adding control devices, micro-processors and so on. Worcester already makes ils own pneumatic actuators, sold under the Norbro oame, specifically for quarter-turn valves.

The emphasis will be on product development to give Worcester valves a technical edge on tbe competition—and higher profit margins. If a "commodity" product which is needed to fill out the range can be made more cheaply hy someone else—perhaps by a small company with lower overheads —Mr. Nesbitt is quite happy to source tbe business outside.

Rotork provides a specialist service

FEW COMPANIES in the British pump and valve industries have been as successful in winning a position of world leadership in their field as Rotork. The business stems from the design and marketing skills of the founder and present chairman, Mr. Jeremy Fry, who in 1956 developed a line of electric actuators for powering valves.

One of the first orders was for valves installed in Esso's Fawley refinery and this led to substantial contracts from oil companies in the UK, the Middle East and elsewhere. Another key order in the early days was from the CEGB for valves used in the water cooling system of power stations.

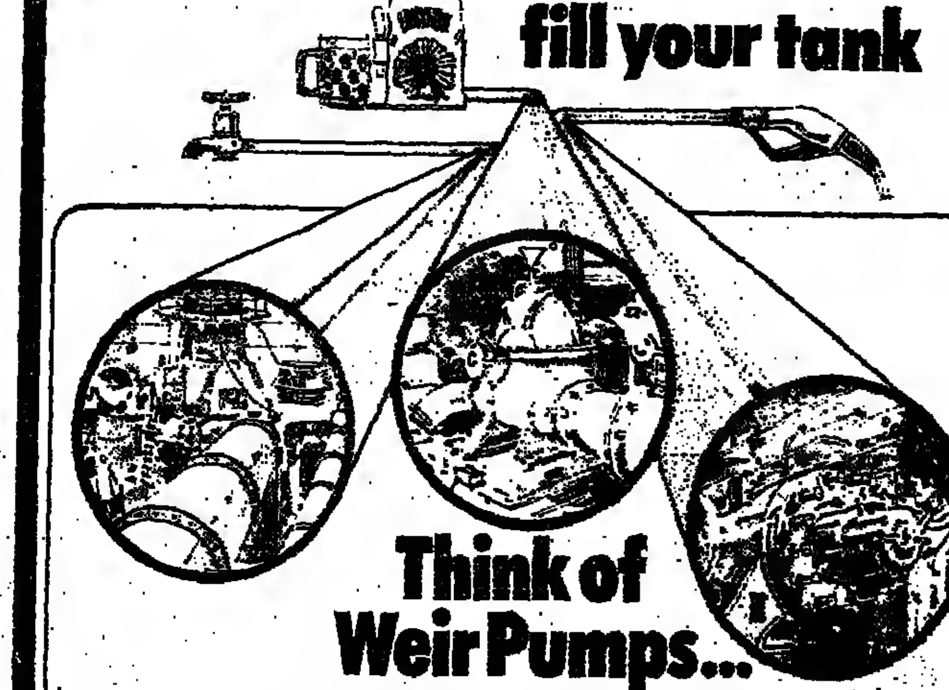
Since then, Rotork bas established itself as a sub-contractor to the valve industry, forging a close partnership both with the valve manufacturers and the end-users. Between 1968 and 1978 Rotork sales (including the non-actuator subsidiaries) rose from £1.4m to £18.8m, and trading profit from £136,000 to £3.2m.

Some valve makers produce their own actuators, but Rotork's strength is that it turns out a standard unit in large volume and at a competitive cost. Moreover by continuously improving the product and extending its capabilities it provides a service which few valve makers can hope to match from their own resources.

A second ingredient has been Rotork's approach to international markets; 85 per cent of the final customers for Rotork's actuators are located outside the UK. Demand rose rapidly during the 1960s with the expansion of the oil and power generation industries. Rotork moved to meet the demand partly through licensing arrangements and partly through its own manufacturing plants overseas. Licence arrangements were made with Brown Boveri in Germany and Shimadzu in Japan and a net work of sales representatives in other markets was set up.

After a successful entry into Canada, Rotork began a sales and warehousing operation in New York in 1967. This was later expanded into a manufacturing operation and the U.S. now accounts for a third of the company's actuator business. There are other subsidiary companies in France, Germany and Italy.

A feature of Rotork's UK manufacturing operation is its heavy reliance on sub-contractors. Some 300 people are employed at the company's Bath factory (out of a total worldwide labour force of just under 600) and only 100 of these are direct workers, mainly concerned with assembly. Rotork depends on a network of carefully choaen suppliers whose quality and reliability are subject to a continuous and rigorous andit. This, in turn, enables Rotork actuators to comply with stringent quality standards.



VALVES AND PUMPS V

Efficiency key to imports battle

PUMPS AND valves are both mature industries with long histories of developments so that in many respects further significant technical advances are hard to win and costiy as well. Thus improvements in performance, or pressures or temperatures for established applications tend to be small and steady rather than dramatic until some novel demand arises that awakens fresh thinking on design and manufacture.

Both industries, occupy common ground in resisting the encroachment of imports from newly industrialised countries by seeking better efficiency and reliability, while also trying to hold down costs through improved material and production ntilisation. To do all this in the context of increasingly severe aafety regulations and tightening export markets has put considerable pressure on research and development departments.

The infiltration of electronics into control systems and the emergence of microprocessors has had a wide impact. It is no longer satisfactory in many instances to turn valves on or off or part way. Throttling devices, or actuators, drawing power from electronics, hydraulics or pneumatics and controlled by a processor are well over the horizon and likely to invade much larger aectors of the market especially in the paper, hydrocarbon, food and other process industries.

This is an area in which pump makers are also very much concerned. An early example of the application of compoterised controls to a pumping station is to be found at Weymouth's sewage and surface water treatment syatem which has a long outfall to the sea. Rainfall information is related to a time/area diagram and there is an automatic search to predict rates of inflow to the pumping station. This optimises the use of pumps and shows how substantial savings on running costs can be achieved.

Reliability anywhere is essential. For North Sea oil production or for geothermal applictions 3,000 or 4,000 ft below the ground it is an even more vital factor. Both pumps and valves increasingly have to be deaigned and made to work at elevated or cryogenic temperatures and pressures (or high vacuum) perhaps up to 250 C and 250 bar, such are the demands of high pressure processes for making some plastic materials.

Cheaper materials

A 250 bp centrifugal sodium pump for a fast breeder reactor that is called on to work at up to 700 C at which temperature the pump case would be glowing is now being assessed. A gas blanket encloses the working end of the hot sodium.

Pumps have also been supplied to a Swedish customer in which the pumping component ia mounted inside the reactor vessel, with the motor sticking out through the bottom. The working temperature is 200-250 C.

Some of the alloys and technology for making these kinds of pumps and valves have been borrowed from the aerospace industries, such as titanium.

At the other end of the scale are techniques for spraying plastics on to the inner surfaces of valves, or on to impellers. This enables less expensive materials to be used for the valve body (or valves of inexpensive materials to be upgraded), and the corrosion resistance of impellers to be improved. Polypropylene, for such things as water treatment valves, and chlorotrifluorethylene or polyvinylidine fluoride for chemical and other process plants are among the spray-on materials.

Provided that the inner contours of the valve body are suitable, a valve can, for instance, be given the usefulness of stainless steel at a fraction of the cost, and if necessary the coating can he applied to the outside also to make a complete envelope. The coatings are normally in the range of 0.010 to 0.025in. thick, but can be thickened to 0.041in.

Coated products are put through a high voltage test to check that no pinholes exist through which a searching gas like chlorine could attack the metal body and for which a certificate is normally available. This will be supported by a warranty of the integrity of the design to accept the lining. This is, incidentally, a case where a standard high voltage test procedure could be, and no doubt in time will be devised.

The value of the linings in the ability to enhance competitiveness without loss of performance can hardly be overestimated. Such a valve could cost only a tenth of what a titanium valve would cost, and the lining of pumps, pipes and other equipment in the food and drugs industries, in breweries to move powders and liquids, and many other applications is an attractive proposition.

Properly applied, the linings will also operate satisfactorily in a high vacuum aituation without collapse. The uniformity of the finish is said to be extremely good, providing good flow paths without turbulence.

Valves have alao been getting bigger to take account of the more severe demands being made upon them. In recent years the valves have gone from 33 to 48 inches diameter while quailty bas been at least maintained. On the other hand, new and improved alloys have been coming along to enable smaller valves to withstand higher pressures and temperatures. Water-lubricated bearings for aelected applications are another illustration of the many-sided search for improvements.

New markets

Product developments can help to take manufacturers into new markets or to extend existing ones, but equally important is to improve production efficiency. Manufacturers have not been slow to appreciate the benefits that numerically controlled machines can offer in raising machinery efficiency, and an increasing number are now being computer-assisted, as is also the design function.

Taken all round, the advances currently being made are creating new general standards of quality and efficiency which many manufacturers would like to see enshrined in national quality audits and applied with equal force to imports. They would like to see the Government implement standards, especially aafety standards, that would recognise the atatus and forward outlook of the industries, without which others could not survive.

In all this the supply of able and highly trained engineers and designers is crucial. Last October the first post-graduate course in pump design and technology began at the Cranfield Institute of Technology, with the support of the British Pump Manufacturers Association; 11 students from industry are on the course which leads to an M.Sc degree. It was a response to an initiative from the Science Research Council inviting all UK trade associations to consider post-graduate courses.

The idea was taken up by the BPMA, aod a study group under Mr. J. M. Hughes, personnel and training director of Weir Pumps, worked out the details of the course in consultation with the industry and the universities. The syllabua covers pump design, materials technology, stress and vibration analysis as well as production and technical management. The course is run in collaboration with Cranfield's Fluid Engineering Unit and with the British Hydrodynamics Research Association.

A similar course in valve design will be starting later thia year. These developments mark an important step by the two industries to strengthen their links with academic institutiona and to keep the UK in the forefront of pump and valve technology.

Peter Cartwright

Implementing standards is an uphill struggle

DEVISING acceptable world standards for dimensions, materials, quality, testing procedures and safety requires a strong mixture of patience, determination and personal dedication. Only recently, after a decade or more of negotiations, is a body of authoritative universal standards beginning to be built up through the International Standards Organisation.

The problems in formulating them are legion. Any country having widely accepted standards is likely to fight to the last ditch but one in their defence, for to accept a different standard imposes limitations on design and tends to proliferate production problems, even though ultimately only a single universal standard will prevail.

More than one

Unless, therefore, one is in the fortunate position of the American oil industry in baving dominated world markets from the early days and created what in effect are world standards, the chances are that even in your home market you may have to cope with more than one set of standards. In the UK the gas and electricity generating authorities impose their own standards irrespective of others. And there are other problems.

"More than half the flanges we get asked for are related to obsolete BS standard 10, tables E D and F" one manufacturer complained. "British industry is very alow to change." And not only British industry. Some other countries hang on to domestic standards because they are mandatory and constitute a hindrance to importers. Existing standards are a mixture of metric, stemming back to Napoleonic timea, Imperial, going back to the last century and American. Most are mandatory. That is, until the product to be imported gets official approval it cannot be marketed. A glaring exception to this is British Standards. Of 7,000 specifications only about 30, mainly relating to safety, such as car seat belts, oil heaters and electric blankets, are mandatory.

Worldwide, the complexity of standards and allied regulations is now so great that some export-minded manufacturers employ specialists to ease their way through the thick undergrowth of standards and documentation. On top of all this atill other, one-off, standards or specifications are likely to be imposed in regard to pressure, temperature and other criteria, especially for major chemical plants.

Nevertheless, commercial pressures are beginning to triumph over national and other interests, and both the pump and valve industries seem now to be launched oo a path that wil increasingly replace existing standards with ISO standards for normal trade. That is not to say that national or individual standards—particularly safety standards—will not remain or even be added to to take account of new technology.

For various reasons the pumps industry has made more progress than valves. One of the first ISO standards, for the horizontal eod suction of centrifugal pumps of 16 bar rating was introduced in 1975. Others bave followed relating to the dimensions of main or critical components like the bed plate and seal chamber. Much of the early work leading to the acceptance of international atandards was done within Europump, comprising a dozen manufacturing associations including the British Pump Mannfacturers Association. There is a similar association for the European valve industry—CEIR.

What also tended to make rather quicker progress possible was that the dominant producers were to be found in the U.S., Germany, the UK and France, and some national standards, like the German DIN, were fairly universally used. It was therefore not too difficult to translate them into ISO standards.

Early standards for centrifugal pumps, which represent about 80 per cent of the market, were followed by others, like the test specifications for mixed flow and axial pumpa. These fell into what may be called general class testing. Currently circulating within ISO are technical specifications for centrifugal pumps, loosely designated medium duty. Heavy duty pump specifications based on American Petroleum Institute (API) 610 standard of March, 1961 vintage, which constitute de facto standards, are in draft form. More complex procedures are being devised for top class products, like nuclear power pumps.

In taking flanges as one of the first items to standardise on a world scale, the industry reflected the need for rationalising the considerable variety of connections. The variety complicates maintenance and replacement and ignores worldwide businesa that leading companies have built up and its keenly competitive nature, so that a second phase of a project may not be carried out by the same consortium. While individoal standards may have been an asset in building up home and export trade, they have now become more of a hindrance. At any rate, the importance of standards keeping pace with changes in the marketplace and with technical developments is more generally recognised.

The Warner Report of 1977 touched on this aspect and also urged the Government to implement existing specifications and guidelines whether or not related to standards, in order to remove the uncertainties and imprecision surrounding manufacturers. This would then give them a firm base on which to operate.

In this context, an expanding segment of the market is being taken by submersible pumps, and British pump manufacturers see a need for extending standards to them as soon as possible. The BPMA and the Engineering Users Association have put to BSI recomeodations for a draft document in respect of cast materials as a first atep to the creation of ISO standards.

Harmonising standards relating to valves has been a longer drawn out affair, partly influenced by the greater variety of accepted standards for material and performance specifications according to application. Thua, if you are an exporter, you have to have the approval of the Americao Standards Association, in Germany the Techniacher Uberwachungs Verein (TUV), in France the Bureau Veritas; and, generally speaking, the U.S. Coastguards standards for marine work. And, as already mentioned, in the home market the CEGB and the Gaa Council have their own standards.

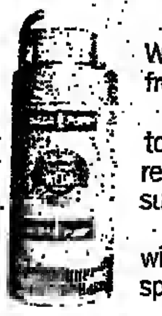
Maintained

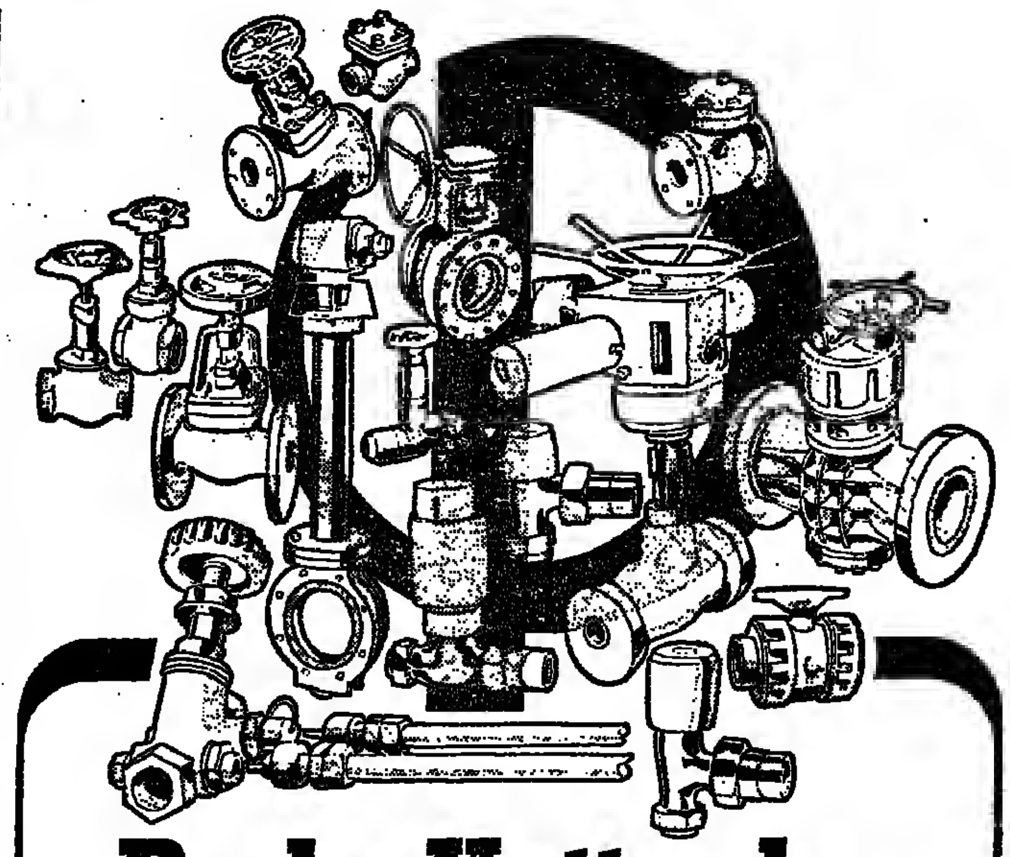
The formulation of atandards for valves started off in the EEC committee for industrial standards some ten years ago, and the impetus was maintained through the ISO to create wider application. The first manifestation will relate to gate valves, standards for which are in final draft form and may be agreed this summer. The first of them will deal with end connectiona with the object of achieving commonality of face-to-face connections so that valves can he dropped into any make of oil pipeline, for instance, and dispense with "specials."

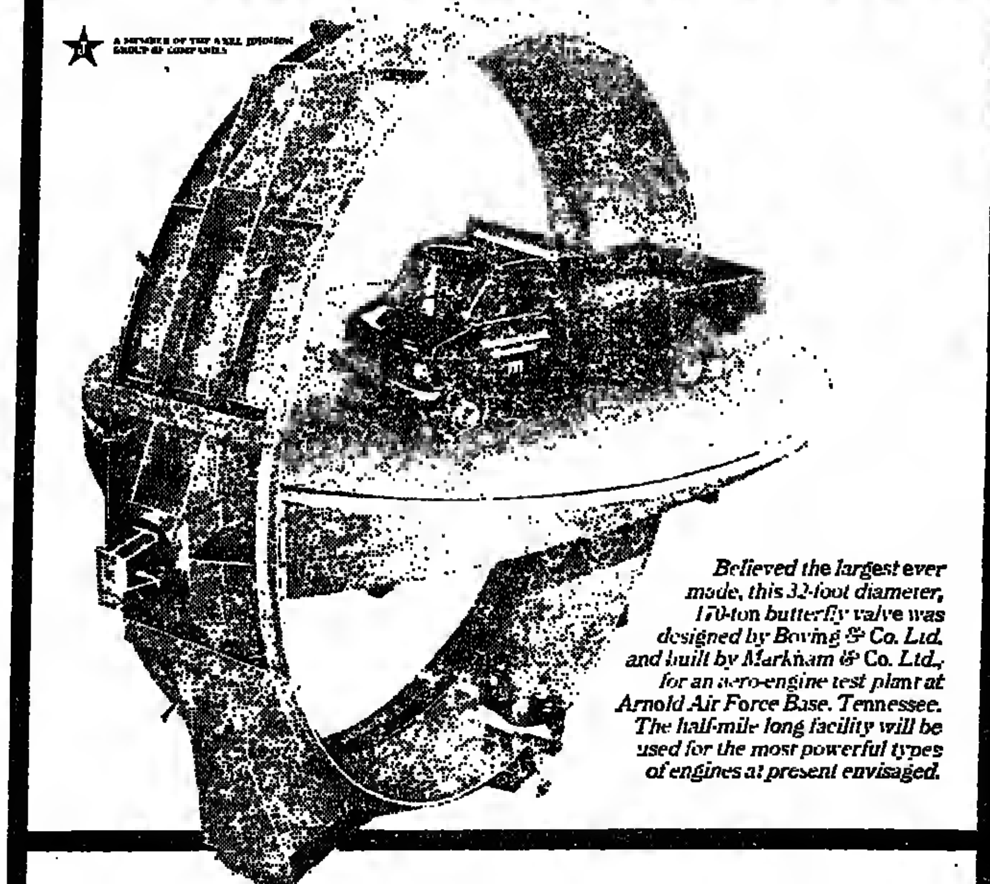
Allied standards will take in pressure ratings, markings and testing, as well as material specifications as these are relative to pressures and temperatures. A UK committee is well advanced in drawing up such regulations, with a keen debate centring on material specifications. Ball valves, especially those for the petrochemical and chemical industries, are also being studied.

Once the first set of gate valve atandards has been agreed it is expected to become progressively easier to introduce others. Indeed,, advances being made in improving materials, computer-assisted designing, spray-on plastics and other matters in the search for high efficiency and more cheaply produced products necessitates quicker progress.

Peter Cartwright





LOMBARD

The power of the purse

BY PETER RIDDELL

AN UNUSUAL, and little noticed, protest occurred in the House of Commons on Monday. A cross-party alliance of MPs—Mr. Jock Bruce-Gardyne, Mr. Michael English and Mr. Kenneth Baker—objected to the way in which the Commons was being asked to approve £837m of supplementary estimates without either a debate or a vote.

Pertinent

Their complaints are not new since the Commons has been approving similarly large sums on the nod for several years. This does not, of course, invalidate their point. Indeed what makes the MPs argument particularly pertinent now is that this is the first year in which the Parliamentary estimates have appeared in a new form which is specifically designed to make supplementaries less of an everyday event.

During the 1970s such supplementaries had become increasingly common. This was because the main Parliamentary estimates were on the basis of pay and price levels ruling at the time in the late winter when they were fixed. And additional provision had to be sought via supplementaries to take account of subsequent pay and price rises during the financial year. Cash limits were introduced in 1976 to set a ceiling on this inflation allowance. Consequently the assimilation or merger of Parliamentary estimates and cash limits from last April should have significantly reduced the need for supplementaries. Indeed one of the reasons for the merger (not least within the Treasury) was that greater attention would be given to those supplementaries which were presented.

It has not gone quite according to plan this year, principally because the provision in the main estimates last spring was based on the Labour Government's 5 per cent incomes policy. Revised cash limits were published in June and these have been reflected in a series of subsequent supplementary estimates. Well over half the latest supplementaries are to cover pay and price rises. The rest is explained by an increased volume of spending.

The significant feature is that around £70m of the supplementaries are needed in order to finance expected overspending above cash limit ceilings, almost entirely on the defence budget. This cannot be dismissed as a mere technicality in view of the emphasis being placed on the priority of keeping spending within cash limits. Any excesses, which will be matched by cuts in future expenditure allocations, can be explained by reference to the rise in oil prices, higher than expected recruitment and uncertainties over receipts from sales of equipment to Iran. The point is that such an explanation was not offered to the Commons before the supplementaries were approved. But, as Mr. Baker rightly pointed out, before the House is asked to decide about such sums "the ministers responsible for the necessary extra expenditure should in some way be called to account by the House." This is the essence of effective Parliamentary scrutiny over the executive.

At present there is inadequate scope for examining supplementaries. The Opposition Front Bench chooses the subject of supply day debates but it invariably picks a matter of general political interest rather than a specific spending proposal. Similarly, the discussions on the Consolidated Fund Bill are useful in permitting general debate on various spending issues and they can occasionally, as on Wednesday, provide the opportunity for a Treasury minister to explain the supplementaries. But the debate comes after the expenditure has been approved by the House.

Non-committal

The procedures of the House should be changed to allow automatic debate on supplementaries and to permit voting at the end of such discussion on the detailed proposals. This could follow consideration by the relevant departmental Select Committee. The immediate need, as the MPs noted, is for a Procedure Committee to be established to consider financial matters. Unfortunately, Mr. Norman St. John-Stevas gave a non-committal answer this week. Perhaps the Treasury ministers should take up the issue as part of their drive for improved expenditure control.

Why Yorkshire's spa still sparkles

BY ALAN FORREST

AROUND BRITAIN

HARROGATE

HARROGATE IS the spa town that refused to lie down and die. Even its water—now handsomely bottled in an attempt to break into the growing spa water market — is labelled "Harrogate Sparkle." It has already found its way on to the Royal Yacht Britannia.

It is a town which seems to know where it is going. When local government boundaries were reorganised, Harrogate avoided becoming just another satellite of the huge metropolitan district of Leeds in West Yorkshire by opting to go into North Yorkshire. It became a district in its own right, controlling 500 square miles of the best countryside in Yorkshire, including Nidderdale and the old cathedral city of Ripon with its popular racecourse.

The population swelled from 65,000 to 125,000. The new extended Harrogate was in an ideal position to make a bid at becoming the north's top conference centre and to act as a pivot for the growing North Yorkshire tourist business.

The idea of a new conference and exhibition centre first mooted in 1970, was a controversial one. Even now, as it grows slowly but surely amid the scaffolding and plank walks, locals make bad jokes. "That b—— great concrete pillbox," snarled a man gazing at it from the garden of the Majestic Hotel. "What are we going to get out of it?"

What Harrogate is going to get out of the large new centre is quite simple to people like Mr. Tony Miles, the director of resort services. He points out that Harrogate already hosts around 400 conferences a year.

But with the accommodation limited to the 1,300-seater Royal Hall and the big hotels, Harrogate has been unable to go for the really big ones. "With the new centre we can accommodate anything except, of course, the TUC and the main political parties. We shall not be big enough for that.

"We can also put on shows with international stars such as Shirley Bassey. The town will benefit."

Mr. Miles points out that conferences are probably bringing between £6m and £8m a year to the town, and bringing good business to the hotels (Harrogate has 4,500 hotel bedrooms), a vastly different picture from the years just after World War II when elegant old hotels closed as the spa business declined.

The new complex was originally estimated to cost £7m. By 1978 that estimate had risen to £11m and costs continue to grow. Its opening is now expected in two stages, the exhibition halls towards the end of this year and the main conference auditorium early next year. The missionary work to attract more conferences to the town goes on—only recently Mr. Miles flew to Paris to sell his new baby to the French.

In spite of the few local mockers, business people are showing confidence. Morrison's, the Yorkshire supermarket group, is to develop a store on the site—which will sell food, wine and spirits, furniture and other household goods, and offer free car parking for any customer spending £5.

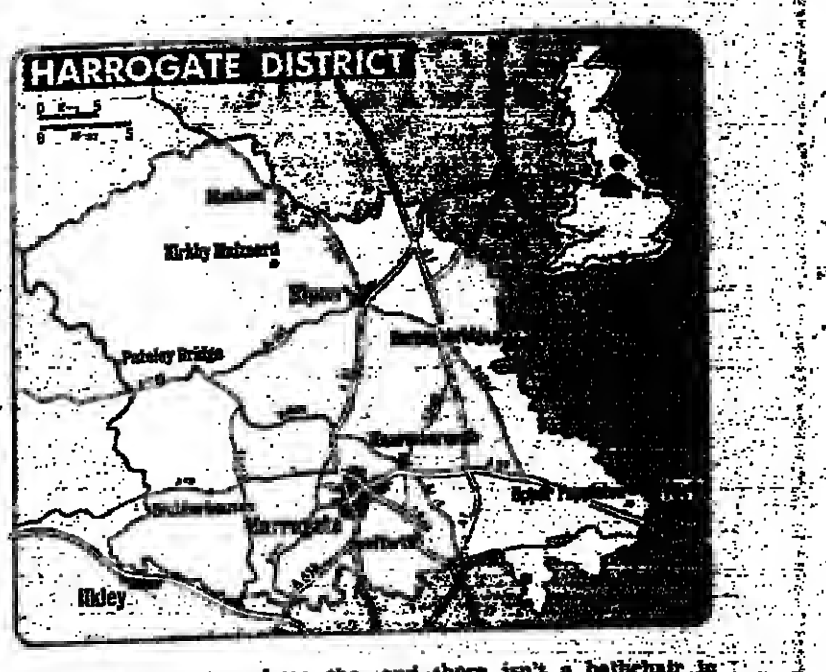
Negotiations with Holiday Inns of Canada to open an hotel on the site are at "an advanced stage," I was told at Mr. Miles's office and this will add another 100 or so bedrooms to the town's conference facilities.

Just how important conferences are to Harrogate was highlighted recently in a week when there were none in town. The lovely old Majestic Hotel was deserted and one half-expected to see Greta Garbo pop out from behind a potted palm. The following week when the town hosted the National Farmers' Union, with Prince Philip opening the conference, there was not a bedroom to be had.

Harrogate, as a tourist centre, has also been given a boost in the wake of the success of James Herriot's *All Creatures Great and Small*, the North Yorkshire vet series on television and in hard and soft cover. Herriot's Darrowby—the market town featured in the series—is Thirsk, just over the Harrogate border. And Herriot's latest book, *James Herriot's Yorkshire*, has become a best-seller in the U.S.

Already, tourists boards in the U.S. have contacted North Yorkshire for information about exploring "the vet country." And Harrogate hopes for another delicious spin-off from the vet business.

Another literary figure has brought new business to the town—the late Agatha Christie. It was at the famous Old Swan Hotel, just off the Ripon road, where Miss Christie did her disappearing act in the 1920s, and ever since British Airways showed the film, *Agatha*, on its Atlantic flights, business at the already popular Old Swan has boomed.



It is a long way from the palmy days of the spa. "But we want to keep the tradition alive," one local official said. "Perhaps if we concentrated on the continental idea of the spa, on elegance rather than health, we could revive it. Maybe, after the conference centre, we should be thinking about a health farm." It would be well in the spa tradition.

You walk through the gardens by the Royal Baths these days and there isn't a bathchair in sight. But behind the baths there is still the old sulphur water tap, offering health-giving drink to the citizens of Harrogate free of charge "in perpetuity."

In the hall itself, old ladies drink coffee and reminisce as a tinkling piano provides gems from Ivor Novello, "The Desert Song," and even odd snatches of Mozart. It is nice to see that Harrogate hasn't completely forgotten its past.

Tote odds bewilder the punters

RACING

BY DOMINIC WIGAN

ALTHOUGH the amounts "sent down" by the Tote to Cheltenham made up only a small proportion of the organisation's individual pools there—I would guess all but some 5 per cent were accounted for by on-course business—it must be said that few Tote backers of fancied horses can have left the Festival happy.

The Tote, which bets to a profit margin of approximately 30 per cent in most pools compared with about 20 per cent in the bookmakers average book, produced some startlingly poor dividends for many of the meeting's heavily supported runners.

Wednesday, in particular, provided a bitterly disappointing afternoon for those with money on well-backed runners.

Drumlargan, Chinrullah, Willie Wumpkins and Snowshill Sailor were four winners who produced better win starting price returns compared with those of the Tote: while place backers of Flame Gun on the Tote must have been bewildered to say the least when an 11p dividend was announced about that runner-up in a highly competitive field of 17.

However, against those figures, which included an extraordinary win and place dividend of 51p (just over 4-1) and 11p a place against 10-1 chance Willie Wumpkins in a 19-runner field, it must be said that those clever enough to sort out some of the long-priced winners and placed horses fared extremely well with the Tote.

Farmer, second in the Sun Alliance, paid over 20-1, while each-way backers of the 10-1 hope, Waggoners Walk, later on, must have been more than happy with win and place dividends of £1.71 and 39p respectively.

All in all, it appears that for a number of reasons, most obviously the lowering of the minimum pay-out from 11p to a "money return" 10p, we are now back to a position where backers are generally best advised to play safe at SP returns on the better-backed horses while taking a chance with the Tote on outsiders.

CHEPSTOW

2.15—Manrico**

2.45—Hobo*

4.15—Owenius***

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Mister Men. 2.02 For Schools, Colleges. 3.20 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Tarzan, Lord of the Jungle. 5.05 Rentaghost. 5.35 Paddington.

5.40 News.

5.55 Nationwide (London and South East only).

6.20 Nationwide.

7.00 Young Maverick.

7.50 Butterflies.

8.20 Francis Durbridge: "The Local Affair."

8.50 Points of View.

9.00 News.

9.25 Sportsnight Special.

10.55 The Fall and Rise of Reginald Perrin (London and South East only).

11.28 Regional, National News.

11.30 The Late Film: "Such Dust As Dreams Are Made On," starring David Janssen.

11.40 Late News.

11.55 Friday Night ... Saturday Morning.

All Regions as BBC-1 except as follows:—

Wales—1.45-2.00 pm Cwmtigill. 5.05-5.35 Cod's Wonderful Railway. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20-7.50 Pobol y Cwm. 10.55 Week in week out. 11.45 News for Wales. 11.46 The Late Film: "One Of Those Things," starring Judy Geeson. 1.09 am Weather for Wales.

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.55 Spectrum. 11.28-11.30 Regional and National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 8.20 Points of View about BBC programmes. 8.30 Sportsnight, Northern Ireland. 10.00 News. 10.25 Francis Durbridge: "The Local Affair." 10.55 Lifetimes with Seamus Deane, critic, poet, teacher of English literature. 11.28-11.30 Regional and National News. 12.50 am News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.55-11.28 East (Norwich) Times Remembered; Midlands (Birmingham) Action 80!; North (Leeds) Jimmy Savile's Yorkshire Speakeasy; North East (Newcastle) Coast to Coast; North West (Manchester) Home Ground; South (Southampton) Bioscope Days; South West (Plymouth) Avocet Cruise; West (Bristol) The Producers.

BBC 2

6.40-7.55 am Open University.

11.00 Play School (As BBC-1 3.55 pm).

4.50 pm Open University.

†5.40 Flash Gordon.

6.00 Monkey.

6.45 Delia Smith's Cookery Course: Part 2.

7.10 Gardeners' World.

7.35 Mid-evening News.

7.50 In Search of Alfred the Great.

8.30 "Sibonga": Name of Destiny: Vietnamese families in the Midlands.

9.00 Pot Black 80.

9.25 International Golf.

10.15 Therese Raquin.

11.10 Jazz with the LA4, Elis Regina and Hermeto Pascoal.

LONDON

9.30 am Schools Programmes. 11.55 Cartoon Time. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 The Television Programme. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. †2.45 Friday Matinee: "An Inspector Calls." 4.15 The Tomorrow People. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.

6.00 Thames News.

6.30 Thames Sport.

7.00 The Muppet Show.

7.30 Play Your Cards Right.

8.00 Life Begins at Forty.

8.30 Hawaii Five-O.

9.30 Fully Licensed for Singing and Dancing.

10.00 News.

10.30 Soap.

11.00 The London Programme.

11.45 Police 5.

11.55 Pro-Celebrity Snooker.

12.40 am Close: Personal choice with Anna Ford.

All IBA Regions as London, except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 Spoils of War. 5.15 Happy Days. 6.00 About Anglia. 10.30 7 Days. 11.00 Friday Late Film—"The Harem Gang." 12.40 am Your Music At Night.

ATV

12.30 pm Out of Town. 1.20 ATV Newsdesk. 2.45 Fantasy Island. 3.45 Money-Go-Round. 5.15 Happy Days. 6.00 ATV Today. 10.30 SOAP. 11.00 ATV Newsdesk. 11.05 Murder At The Movies: "Nothing but the Night."

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 The Spoils Of War. 5.15 Bailey's Bird. 5.00 Lookaround Friday. 6.30 Thingummyjig. 10.30 Springsport. 11.00 Friday Night Movie: "Murders in the Rue Morgue." 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "The Great Niagara." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 Documentary. 8.30 The Incredible Hulk. 10.28 Channel Late News. 10.35 Brown Study. 10.55 TV Movie Premiere: "Exo-Man". 12.35 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 2.45 The Friday Matinee: "Beach Party". 6.00 North Tonight. 8.30 Vegas. 10.30 Points North. 11.30 Reflections. 11.35 Streets Of San Francisco. 12.30 am North Late Night Headlines, the Road and Ski Report.

GRANADA

11.50 am Stamp Stories. 1.20 pm Granada Reports. 2.00 Live From Two. †2.50 Friday Matinee: "The Smallest Show on Earth." 5.15 International Gymnastics. 6.00 Granada Reports. 6.30 Kick Off. 8.30 Vegas. 10.30 Double Vision. 11.15 SOAP. 11.45 House Of Horrors: "Dance of the Vampires."

HTV

1.20 pm Report West Headlines. 2.45 The Friday Matinee: "The Great Niagara." 5.15 How's Your Father? 6.00 Report West. 6.30 The Muppet Show. 7.00 Emmerdale Farm. 8.30 The Streets of San Francisco. 10.35 The Friday Film: "Vampire Circus."

HTV CYMRU/WALES—As HTV West/HTV General Service except:— 10.31-10.46 am About Wales. 10.48-11.08 AM GYMRU. 12.00-12.10 pm Miatai Clai. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ. 5.15-5.45 White Light. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 The Electric Theatre Show.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 Power Without Glory. 3.45 Money-Go-Round. 5.15 The Electric Theatre Show. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.30 Thingummyjig. 8.30 Love Thy Neighbour. 10.30 Ways and Means. 11.00 Late Call. 11.05 Late Night Movie—"Whoever Slew Auntie Roo?"

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 The Spoils Of War. 5.15 Mork and Mindy. 5.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out Of Town. 10.30 Southern News Extra. 10.35 Southern Report. 11.05 SOAP. 11.35 The Late, Late Premiere: "The Sorrier."

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.45 Friday Matinee—"The Constant Husband." 6.15 Laverne and Shirley. 8.00 Northern Life and Sportstime. 10.30 North East News Headlines. 10.35 Friday Late Movie—"Twinky." 12.40 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "Things in their Season." 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Good Evening Ulster. 8.30 Vegas. 10.29 Ulster Weather. 10.30 Sportscast. 11.00 Witness. 11.05 Friday Film: "The New Daughters of Joshua Cabe."

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "The Great Niagara." 4.12 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 5.00 Westward Diary. 6.50 Just The Job. 8.30 The Incredible Hulk. 10.32 Westward Late News. 10.36 Sportstime. 10.55 TV Movie Premiere: "Exo-Man." 12.35 am Faith For Life. 12.40 West Country Weather.

YORKSHIRE

10.25 am Friends Of Man. 10.48 For Schools (continued). 11.55 The Animates. 1.20 pm Calendar News. †2.45 Friday Film Matinee: "Timelock." 4.10 Cartoon Time. 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 SOAP. 11.00 Friday Night Film: "The Virgin Soldiers."

RADIO 1

(S)—Stereophonic broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Kid Jensen. 7.30 Annie Nightingale. Roundtable. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

VHF RADIOS 1 AND 2—5.00 am With Radio 2. 8.02 pm Friday Night Is Gala Night, including 8.40-9.00 Interval. 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought and 9.03 Top Five Albums. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Steve Jones Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 6.20 Much More Music (S). 6.03 Derek Hobson (S). 8.02 Big Fight Special: Jim Watt v Charlie Nash. 10.02 Roy Castle. 10.30 Donita presents sounds of Latin America. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You And The Night And The Music (S).

RADIO 3

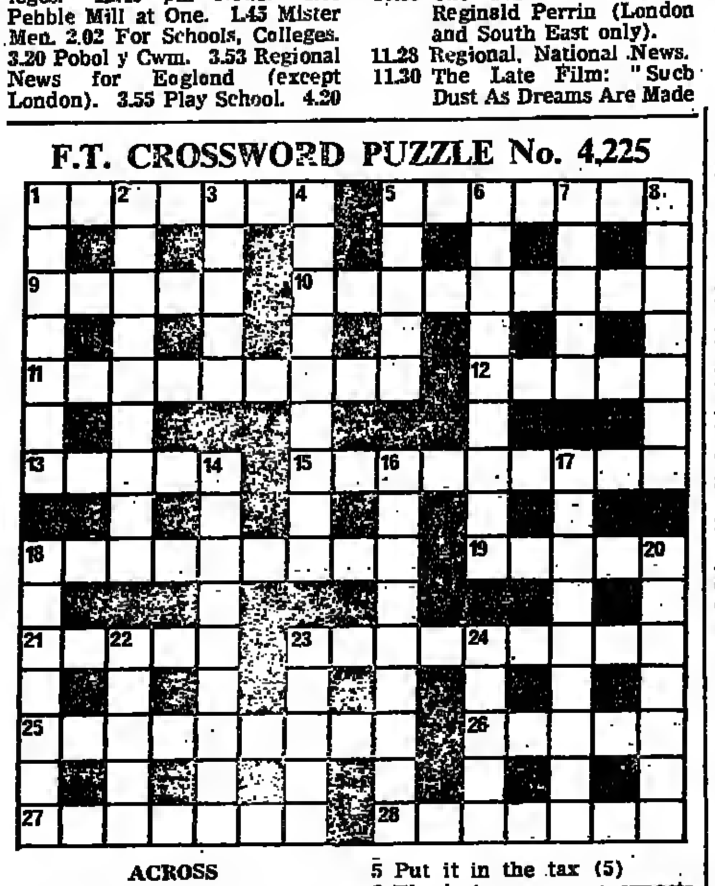
†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: At The Court Of Gustav III (S). 10.00 Young Artiste Recital (S). 10.55 Melos Quartet Of Stuttgart (S). 11.45 John Pritchard conducts the BBC Symphony Orchestra (S). 1.00 pm News. 1.05 Mozart Violin Sonatas. 2.15 The Arts Worldwide. 2.35 Moods, Impressions and Memories (S). 3.35 Richard Deering: concert (S). 4.20 Rodion Shchedrin: Symphony No. 1 (S). 4.55 News. 5.00 Mainly For Pleasure (S) (and mono only from 6.20). 7.00 Serge Koussevitzky conducts Beethoven. 7.10 One Pair Of Ears. 7.25 Play It Again (S). 7.30 Martinu (S). 8.00 Lewis And The Price Of Prosperity (Report by Alastair Netherington). 8.45 In Repertory with Tito Gobbi (S). 9.45 The Vision of Piers The Ploughman (S). 10.15 David Wilde Piano recital (S), Part 1. 10.40 Interval Reading. 10.45 Recital, Part 2. 11.35 Vivaldi: Violin Concerto in E minor (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 6.20-7.00 pm. Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Enquire Within. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Reel Evidence. 11.50 Bird Of The Week (The Curlew). 12.00 News. 12.02 pm You And Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 "Equus": play by Peter Shaffer (S). 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 The Six O'Clock News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick Of The Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 11.45 Just Before Midnight. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,225



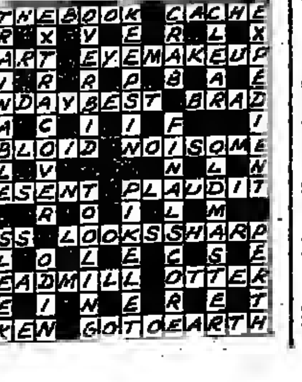
ACROSS

1 Record, or end of record in cacophony (7)
5 Head of Tate, artist, politician and journalist went for a walk (7)
9 Senior member of the forest? (5)
10 Joining a race in pain (9)
11 To grind rock could be a very heavy burden (9)
12 Part of wardrobe selected for the fat? (5)
13 Go back in sorrow to get rascal (5)
15 Turn north-east with direction finder and surround (9)
18 In Paris and London it's turned up (9)
19 Tearful lady turned to stone (5)
21 Solemn accent (5)
23 Art on page changed in custom (9)
25 Spoil fish in last of stale fat (9)
26 Live way-out round the south? (5)
27 Out of the running at present in this place (7)
28 Tool tossed into machinery to cause confusion (7)

DOWN

1 Visionary is gloomy about me (7)
2 Is turning up to take great pleasure in incidental illustration (9)
3 Flower in metallic lace (5)
4 Female monster with silver on in dress (9)
5 Put it in the tax (5)
6 The last person one expects to see in tug-of-war (6, 3)
7 Cost of soft grain (5)
8 Soldier comes up in formal uniform to introduce irrelevant matter (7)
14 Acquit without one charge (9)
16 Female designer taking unusual care over hair (9)
17 Praise a party allowance (9)
18 Diet for British soldiers, American soldier and troops in general (7)
20 One who exalts clergyman after end of service (7)
22 Missile producing a right din (5)
23 Suspense is to be seen in writer of macabre literature (5)
24 Work overtime in musical drama? (5)

SOLUTION TO PUZZLE NO. 4,224



Cinema

A punk vision

by NIGEL ANDREWS

Rude Boy (X) Price Charles
The Electric Horseman (A) Empire
Leicester Square Theatre
. . . And Justice For All (AA) (from March 20)
The Runner Stumbles (A) Odeon, Haymarket

Seven years ago *A Bigger Splash* splashed on to your screens after a dip in sunny Cannes, and the writing-directing-producing team of Jack Hazan and David Mingay looked, for a carefree six months or so, like the new White Hope of British cinema. The film was a fictionalised documentary about the life and loves of painter David Hockney (played by David Hockney), and it wrought the dual miracle of capturing both the artist's personality and — in moving pictures — his eerie, lyrical, quiescent painting style.

That was 1973. Now it's 1980, Pop Art has given way to Punk, and Hazan-Mingay's second feature film is *Rude Boy;* another two-hour alloy of fact and fiction hut this time about the garish, ear-splitting world of Punk rock. It's a weird and wayward movie that keeps trying to write large its main subjects — the rock music of "The Clash" (with real-life footage of their concerts), and the adventnres of a morose young cockney (Ray Gange) who becomes their "roadie"—into a giant panorama of Britain Now.

There are National Front rallies (the "hero" is a sympathiser): there are little snippets about police harassment: there is Mrs. Thatcher waxing evangelistie about Law and Order: and once or twice the film slows to a philosophic standstill so that our hero can clasp a pint of beer to his concave bosom and discuss his political views with anyone who wanders ill-fatedly across his path.

This strange, invertebrate, sprawling movie bears witness less to the confusions of Britain today than to the confusion reigning in the minds of Mingay and Hazan as to what kind of film they wanted to make. Our cockney protagonist, a *monosyllabic lamp-post with* a Neothlithic set of social and political responses, is an (anti-) hero you either like or lump. But even with this Drone-of-our-Times as lead character, the film could have sketched a peppy and purposeful *route peripherique* around his still centre: made a bolder, firmer, more stinging effort to show why despair and aggression, paralysis and pugnacity, funk and fury co-exist as deadly bedfellows in modern Britain.

But the film doesn't take ideas and develop them, it takes a camera and shoots anything that moves (and several thinks—like the protagonist—that don't). So here we have in no discernible shape or order, prolific footage of "The Clash" yelling themselves tonsil-less as they pound through what sounds like two LP's worth of songs: desultory scenes from concert-tour life backstage or back-at-the-motel: gobblts of modern British social history: and a growing sense that *Rude Boy* is a movie in search of a centre—a restless, slippery-palmed film that's unwilling or unable to grapple seriously with either the anarchic ferocity of Punk or the lonely, vitiating *anomie* of its central charactar.

Ray Gange in '*Rude Boy*'

*

Robert Redford and his horse trot serenely out of Caesar's Palace, Las Vegas, wearing Christmas tree lights from hat to hoof, and jog down the darkening street towards the desert. As thay pass the last of the big lights on the "Strip," Redford flicks off their own and borse and rider "disappear" into the eofolding night.

Eco-parahles come in all *shapes and sizes*, and *The Electric Horseman* may be grouped under Family-Size Whimsical. Redford, flaxen-haired and newly moustached, plays a retired Rodeo champion earning an embarrassed dollar advertising breakfast cereals, and privately consoling himself with whisky for his fall from grace. When a prize racehorse and a new promotional stunt bring him to Las Vegas—ha'a to mount the borse at Caesar's Palace and chirrup the virtues of "Ranch Breakfast"—whom shonld he bump into bnt Jane Fonda, playing an acerbic TV reporter? The two spar sparkishly at a news conference, and when Redford and horse hotfoot it into the desert later that night—his grand gesture of abdication and abdnction after finding the horse has been doped for its stage debut—a Fonda festooned with video equipment tracks him down in the cactus-filled night, and asks for an exclusive TV story.

Well, we all know—or at least can guess—what happens when Ruthless Female Reporter meets Headline-dodging Social Rebel and Imminent Folk-hero. First they try to ont-manoeuvre each other, then they fall in love. In Hollywood *plus ça change, plus c'est le* old, old story. Director Sydney Pollack steers the duo as unerringly towards romance as he steers the horse towards the Redford-wished denouement of being turned loose in a green and mare-filled Utah valley. Meanwhile the police, the media and the cereal tycoons, apoplectic with rage and uncharmed by the TV statements-of-faith Redford has dished out to the public via Fonda's video camera, give chase by car and helicopter.

Nothing, King Lear has told us, will come of nothing. But give Hollywood a token something, however frail, and it will deck it up and garnish it and go for hroke. This movie has really only one original moment: Redford's spectacular walk-out from Las Vegas, with that magical lights-out moment of nocturnal *arrivaderci*. But Pollack and his two stars soup up the vestigial remainder with such brio that *The Electric Horseman emerges as a classy*, sassy, scenic comedy.

Redford's sunsoaked, *macho, ingénu* charm has space to breathe and flex in the Western air, and Fonda gives a welcome re-run to her steel-jawed, sweet-and-sour media lady of *The China Syndrome*. And don't let's forget the horse: "Rising Star" is his name. Ha bas a coat like polished mahogany, a regal mane and two nostrils as proud and flared as angels' trumpets. And his habit of looking down his nose at the movie's sillier lines should ansure him, on *retirement from the screen*, a long career as a Hollywood script editor.

*

He would, I'm sure, have looked down his nostrils at . . . . *And Justice For All*. Picture, if you will, Al Pacino as a busy Baltimore lawyer playing David to the multiple Goliaths of legal chicanery and establishment corruption. Pacino is the liberal misfit you love to love: with tousled hair, round-the-clock five-o'clock shadow, a tie never tied and a windmill-armed sincerity no matter who is *dumped upon his* capacions lap to defend. There are little fish who swim his way—motoring offenders, black transvestites: and there are big fish—a jndge accused of rape. But Pacino reels out hook and line to welcome allcomers, and this strange, wacky film, see-sawing between Black Comedy and Grand Melodrama, tries like its hero to wear its heart on its sleeve and to speak for All of Us against All of Them.

It's so alarmist in the process, however, that one might be wiser to decline the offer. No matter whom Pacino stumbles upon in the Corridors of Legal Power, the movie's three-tier moral is the same: if it's a criminal be kind to it, if it's a lawyer be open-minded, if it's a judge stamp on it. And 'ozounds, what judges we have here! There's Jack Warden as a suicide-bent old codger who takes trips in un-fuelled helicopters and tries to blow his brains ont in the loo. There's John Forsythe as a Draconian judge who spends his public life dealing out vicious sentences and his private life perpetrating vicious sex acts. And there's District Attorney Craig T. Nelson—not a judge bnt a comparable big-wig—who runs around like a beheaded chicken in search of the Great Legal Coup.

And lined np against them all is A. Pacino: apparently the only man in Baltimore from whom yon'd he wise to bny a used car. Pacino is indefatigable. And even though to be defended by him is seemingly the Kiss of Death (his first two clients are not only found *guilty* bnt *come to sticky* ends in jail) he is thera at the end giving rape-arraigned Judge Forsythe what-for and telling the jury with tear-filled eyes that Justice shouldn't be about winning cases, it shonld be about the common search for Truth. So too, I submit m'lnd, should the cinema. But truth in this hysterical slice of Hollywood hype is hard to find. Valerie Curtin and Barry Levinson wrote, Norman Jewison directed.

If you think . . . *And Justice For All* goes over the top, you should next try *The Runner Stumbles*. Yes, the tall man in the dog-collar with white hair *is* Dick Van Dyke and no, this is not a comedy. It is the based-on-truth tale of a murder trial in which a Catholic priest (Mr. Van Dyke) is accused of having killed a yonng nun (Kathleen *Quinlan) working for him in his* parish. Is he guilty, and if so whyhedunnit?

The movie unfolds in flashbacks, from the jail cell and the courtroom, and the shenanigans escalate from frustrated love to religious guilt to murder. Stanley *(Judgment at Nuremberg)* Kramer directs it all with four-square earnestness and Maureen Stapleton nearly steals the show as a nervous, not to say certifiable, housekeeper whose eyes peer out from a face as tremulous as jelly and who wields her rosary like a strangling noose.

Leonard Burt

Phyllis Calvert and Jane Asher

Queen's

Before The Party

For anyone who started going to the theatre in the last 15 years or so, the name of Rodney Ackland rattles around like a defiant skeleton. Unknown to my generation, you begin to wonder whether in fact the old boy will turn out to he the Havergal Brian of the British theatre, storing up large, constipated works to confound the critical orthodoxy of the day. It transpires that Mr. Ackland has written not very much for 20 years, but this razor sharp import from the Oxford Playhouse, a revival of a 1949 adaptation of a Somerset Maugham short story, impresses as a well-organised domestic comedy thriller set in the comforting glow of a country house in Surrey. Or rather, to allow Mr. Ackland his raffish due, in the heroine's bedroom of said country house.

In Maugham, the revelations about Laura's husband who died on the Gold Coast, puncture the preparations for a local garden party. Mr. Ackland is done with Maugham hy the interval, but he has introdnced two new themes. Laura has a yonng man in tow who is in every way "unsuitable." And the political aspirations of her father are played up to such an extent that the surface decorum must not he ruffled, otherwise his chances with the Conservative adoption committee will be ruined. What Mr. Ackland hrings off superhly is that sense of a snobbish, despicahly funny family sweeping the news of Harold's drunkenness under the carpet along with the defunct doorknoh. So Harold was murdered? By his wife? There, there, we mustn't he late and, incidentally —chatters Laura's mother—we must take down those knives in the drawing room.

This sardonic tone is maintained quite brilliantly throughout the proceedings, which develop as a series of merciless variations on the one idea. The stage conventions of the day require a sacrifice of Maugham's chill amhiguity as Laura (or Millicent in the story) goes off to the party, a picture of conspiratorial conformity. But hy giving us three sisters instead of the rival two, Mr. Ackland has a shudder of his own to unleash, when Laura comforts young Susan (very well played by Jayne Tottman) with the lie her mother has manufactured.

Young Susan has seen a pig being killed, has even sloped off to the pictures to see the hero cutting his wrists. She is tha repository of what Mr. Ackland feels about these hypocritical people, who have rallied round Laura when they discover that her new man is well-connected after all. In that respect, people have not changed in the least, and the central passion of the play hurns as bright as I imagine it must have done in 1949.

In addition, Tom Conti's production elicits quite beautiful performances from Michael Gough and Phyllis Calvert as the parents, who are so incredible as to be perfectly recognisahle. Mr. Gough, pulling his facial muscles into tortured Mnggeridgean expressions, is a delightfully ghastly lawyer on the social make, while Miss Calvert twitters and shrieks in a non-stop display of salon vulgarity and foolish splendour. Jane Asher, pale, frail and exquisite, is the stiletto whose edge is eventually hlunted hy a sudden intake of whisky and the demands of the plot. It is casually suggested that her new man might go the way of Harold, as he swigs from the bottle behind the family's collective back. That one crudity may be forgiven for the precision and black satire of the rest.

MICHAEL COVENEY

Festival Hall

Tippett's Second Symphony

Tippett's Second Symphony had its origin in what is by now one of the famous epiphanies of our times. The composer overheard pounding hasso Cs from a Vivaldi work while looking out of a recording studio on to Lake Lugano and was instantly plunged into his own creative world. Those Cs have hecome the commencement of a transfigured musical expression which compels, so to speak, to be *looked at;* which (as one critic pnt it) arouses our "detached admiration" and does not seek the dramatic involvement of the first symphony. But in imposing a view of the Second on the BBC Symphony Orchestra on Wednesday evening, Gennadi Rozhdestvensky has suraly carried the principle of lyric contemplation absurdly far.

One's eager anticipation (how often is the piece played?) was immediately crushed hy an *opening tempo ponderously* short of the specified allegro vigoroso. What followed was an idiosyncratic, very deliberated scrutiny of detail cultivating the suavest orchestral sound and having the additional advantage of insuring the players against undue hazard (such as brought the ill-fated work to a halt at its 1958 première by the same orchestra). Certainly this was an approach capable of yielding quite a few pockets of novel sonority—the notes were mostly admirably clear; proliferating melodic strands interweaved with shimmering precision, particularly in the string fantasia sections (whose emphasis was the main point of the interpretation).

Yet desipte the gentle pace the orchestra still could not satisfactorily manage the more idiomatic demands of the score. When these hecame extreme, the quiddities of the reading were quickly exposed as mere guardedness. Obbligato parts rarely received confident execution, clarinet and violin solos in the laughahly leisurely scherzo notahly lacking hrilliance. The slow movement (though even this was too slow) offered memorahle warmth in the *Grimes*-inspired tranquillo string meditations; hut the spiky trumpet and pizzicato interjections were frequently garhled. It was gratifying to hear the harp at all, but only in the last movement did the proper halance hetween it and the piano occur.

Tempo seemed ahout right in the finale; however the reprise of the opening was accordingly no hroader than it had originally been, thus the (characteristic) open-ended close was coarsened.

PAUL DRIVER

St. John's, Smith Square

Coro Cappella

Bruno Turner and his excellent choir continued their championship of Spanish Renaissance music on Wednesday night with another memorahle concert of glorious sacred polyphony at St. John's. As with previous concerts, a new work, unearthed from tha seemingly endless Iberian treasury and edited by the choir's director, was introduced. On this occasion it was the psalm *De profundis clamavi* set by Pedro Rimonte (1567-1627), choirmaster to the Spanish Viceroy in the Low Countries. The choir lucidly wove the seven-part counterpoint of this well-wrought composition which responded somewhat coolly to the powerful text.

The rest of their carefully-devised programme was devoted mainly to Tomás Luis de Victoria (c1548-1611), a master of the restrained devotional style. The first half presented a non-liturgical sequence of four-part Responsories for Holy Week concluding with tha six-part motet O *Domine Jesu Christe*. These alternated with Lamentations from late Medieval Spanish mannscripts sung in plainchant by the countertenor Kevin Smith. The falsetto voice lent an unusually serene quality to these cantillations and matched the high range of the polyphonic Responsories. Mr. Smith continued with a selection of solo metets hy Monteverdi and his Italian contemporaries, Grandi and Bernardi, neatly articulating their florid lines, managing an expressive eloquence in *sotto voce* passages but straining to achieve dramatic impact in the louder moments at the top of his register. Robert Aldwinkle was his attentive and sensitive accompanist on the harpsichord.

The second half was entirely consecrated to Vittoria's "Swan song"—a six-part Requiem Mass and Absolution *of simple* hut immensely powerful expression. The choir responded eloquently to Mr. Turner's strong and committed direction, elegantly shaping and co-ordinating the polyphonic lines, neatly combining and halancing the *sonorous chordal passages while* achieving a varied dynamic range without impairing the clarity appropriate to Counter-Reformation music.

FRANK DOBBINS

Arts Council bursaries

The Arts Council has approved theatre writing hursaries of £1,500 for Julia Kearsley and Mike Figgis and bursaries of £750 for John McDonald, Susan Todd, Kate Vandegrift and Jeremy James Taylor.

Wigmore Hall

Beethoven and Simpson

by ANDREW CLEMENTS

Robert Simpson is known more as a provocative analyst and author—of valuahle studies of Nielsen and Bruckner—than as a composer. But his music bas a small but dedicated following; it flits in and out of the record catalogue and major works are broadcast periodically by the BBC. Next month Simpson's sixth symphony gains its premiere at the Festival Hall, and the Delme String Quartet has begun a series of three concerts in which his fourth, *fifth and sixth string* quartets are coupled with the three Rasumovskys of Beethoven.

The coupling is entirely apposite. For in these three quartets Simpson the analyst and Simpson the composer merge. Each is a commentary upon one of the Op. 59 works: "The attempt to understand those great works resulted in, not a verbal analysis, but music. The hope is that anyone studying intelligently the musical analogies offered here will find the experience of *benefit in* approaching and entering Beethoven's mosterpieces." The parallel between Simpson's approach and Hans Keller's non-verbal "functional analysis" is difficult to resist; difficult also to avoid describing Simpson's *quartets as written against the* "background" of Beethoven.

On Wednesday evening the Delme Quartet began the series with Simpson's fourth quartet and a polished account of its *alter* ego, Beethoven's Op. 59 no. 1. The parallel between the works is here more pronounced than in the later quartets; the first movement of Simpson's fourth is almost a literal recomposition of Beethoven's Allegro, transferred from 4/4 to 3/4, the textures sometimes inverted (as in the development where Beethoven's violin solo becomes a solo cello for Simpson) hut following the model very closely in its paragraphing, articulation and harmonic rhythm. The similarity is too close, perhaps, for comfortahle appreciation; elsewhere in the quartet Beethoven is a true, less obtrusive background, and the strength of Simpson's own music can be more effective.

Simpson's scherzo is an extended presto of abrupt, springing rhythms and his slow movement a spacious Andante sostenuto, as elegiac as Beethoven's Adagio yet more forbidding, more impersoual. The finala of the fourth quartet seems on first hearing to be its most successful movement: no attempt at a mock Russian analogue—Simpson is too sensitive a composer for that—but a weighty, propulsive Assai vivace, shuddering briefly to a halt to examine the harmonic implications of its material hefore hurrying to a close. Simpson's idiom is undemanding, bowever intellectually satisfying his constructs, and rather crucially it lacks originality (too many passages recall earthbound Tippett) and the spark of vitality that makes the Rasumovsky's so inspiriting.

'Oklahoma!' and the Arts Council

Oklahoma! which opened in Leicester last November and is now touring the country, is getting a London run. It opens at tha Palace Theatre on September 17. Like *My Fair Lady*, currently at the Adelphi, *Oklahoma!* received help from the Arts Council — £40,000 towards production costs and £80,000 as a touring guarantee. *My Fair Lady*, which also started its new life at the Haymarket Leicester, had a £70,000 guarantee *towards* production costs from the Arts Council. Although both shows are expected to make a profit the Arts Council, because of its constitution, cannot reap any direct financial benefit.

Bnt the Arts Council, while it hopes to support more major musicals on tour, has no plans to help out again this year. Instead, it is considering the possibility of commissioning a new musical for touring. It is also keen to monnt a popular entertainment show, probahly in *association with a commercial* management. The Council is concerned that there is now no proper training ground for popular entertainers and believes that a tour would enable newcomers to learn the business from established variety artists.

The box office for *Oklahoma!* opens on March 17. It is directed by James Hammerstein, son of the lyricist who wrote it with Richard Rodgers. When it first appeared in London in April, 1947, *Oklahoma!* established a record run for the Theatre Royal, Drury Lane.

A. T.

FINANCIAL TIMES

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Friday March 14 1980

Doing without British Steel

THREE DAYS of talks between the British Steel Corporation and the unions appear to have clarified some of the issues, particularly in regard to productivity, but on the size of the wage offer the two sides remain *far apart*. The *Corporation is* offering what amounts to a 14 per cent increase, in return for higher productivity, with the *possibility of further increases* negotiated at local level which could bring the total to as high as 20 per cent. The unions are *still insisting* on *a basic* offer of at least 19 per cent. Although the talks have not been broken off, no further meetings are *scheduled until* next Wednesday.

Picketing

The unions are talking of making the *strike* more *effective*, both by picketing major customers and by tighter controls over imported steel. The *Corporation is considering the* possibility of a ballot on the offer, but is reluctant to go ahead with it unless the unions *co-operate*.

At this stage, with the strike in its 11th week, the leaders of the unions and their members should reflect on some facts which the dispute has brought out very clearly. The first is that the country is not as dependent on the BSC as the unions had assumed when the stoppage began. Threats of a "short, sharp strike" which would quickly bring the country to its knees have proved hollow. This is partly because customers had unusually high stocks at the beginning of the dispute. Some steel has continued to come into the country from overseas despite union efforts to halt it. Distributors and users have found a variety of ingenious methods of coping with the lack of BSC supplies.

Dramatic

Of course there have been sectors which have been hard hit, such as the canning industry, and more companies will be in trouble if the strike goes on for several more weeks. But the relatively minor effects of a stoppage which has lasted nearly three months provide a dramatic demonstration that British Steel Corporation is not a public utility vital to the lifeblood of the nation. It is an important but not exclusive supplier of a commodity which is available from other sources—and it has to compete for the business.

It follows from this that, as a result of the strike, the British Steel Corporation is bound to lose some of its share of the UK market. While most users would prefer to rely on a domestic source of steel, the stoppage will encourage the tendency to use a foreign supplier as a second source, quite apart from considerations of cost and quality. The BSC is in any case subject to very severe international competition, stemming from world over-capacity, and it will have to fight even harder to retain its present dominance of the UK market.

Unlike, say, the electricity *supply system* or the telephone network, British Steel Corporation has no guarantee of permanent existence. As BL is well aware, the customers have the last word; if they desert in sufficient numbers, the basis for a viable business is undermined.

The commercial climate in which BSC is operating has been well illustrated during the strike by the closure of one of *the* major private *sector* producers, Patent Shaft. Despite substantial investment in new equipment, this works was not *able* to *secure* enough profitable business to survive. The same pressures, the same need to bring capacity into line with demand, apply to BSC, with the added problem that overmanning and inefficient work practices keep production costs *higher* than they need be.

Productivity

Thus the BSC cannot relax its determination to streamline the industry and to improve its efficiency. It cannot afford to pay an excessive price for a general agreement to raise productivity; the higher productivity must be negotiated and achieved. The BSC's employachieved. The BSC's employees are almost certainly well aware of the commercial realities of the business—as their colleagues in the private sector are—and they must be wondering what a continuation of the struggle is likely to achieve. The longer it continues, the fewer jobs the BSC will be able to support. It is in the interests of both sides to reach a settlement which creates the conditions for an efficient and profitable industry. Without these conditions, the BSC will continue to decline; other suppliers, mainly overseas, are ready to take its place.

A blow against cheap airfares

THE DECISIONS by the Civil Aviation Authority rejecting virtually all the applications from independent airlines for new cheap-fare routes between the UK and the Continent have shocked many in the air transport industry. The independents, reacting to the new mood of increased competition and innovation that has been apparent in much of world air transport over the past year or two, submitted bids that, if approved, would have rewritten much of the air transport map of Western Europe, subject also, of course, to European Government approvals.

Skytrain

British Caledonian had asked for 20 cities *to* be added to its Gatwick-based network. Laker had asked for Skytrain-type rights to 35 cities, and for rights between many Continental cities also, adding up to 666 routes in all. Britannia Airways had asked for rights to sell to scheduled passengers up to 50 per cent of the seats on its holiday charter flights between over 20 UK and more than 60 Continental destinations. Air UK, the new airline formed by the merger of Air Anglia, British Island and other operators, had asked for a more modest expansion of its network out of Gatwick. The independents had also asked for the revocation where necessary of British Airways' rights out of Gatwick, arguing that the State airline had failed to use those rights and was retaining them solely to block operations by the independents.

Each of these applications offered something different, but all had also one thing in common—cheaper fares, ranging up to 40 per cent or so in some cases. The independents argued that their bids could be *interpreted as* the *first* major opportunity for the Government, through the Civil Aviation Authority, to achieve two ambitions—the *greater* use of Gatwick for scheduled international flights, so as to relieve congestion at Heathrow, and a widening of the scope of UK air transport as a whole with some dramatically innovative ideas.

In the event, the independents have gained virtually nothing. Apart from six comparatively low-traffic routes awarded to British Caledonian, everything they and the others asked for has been rejected. The CAA's argument is that while it recognises the time has come when civil aviation in Western Europe should be opened up to greater competition, it still favours an essentially slower, evolutionary approach, in which each step can be evaluated on its merits and put to the test before the next is taken. "Only in this way," it claims, "is it likely that steps towards liberalisation will be accepted by other countries."

This appears to be an implicit acceptance of the notion that no new innovative ideas emanating from the UK should be accepted because they are bound to be rejected initially by the foreign governments at the other ends of the routes, or only acepted after a long fight.

Principles

Had this idea been accepted throughout the earlier history of the CAA and its predecessor, the Air Transport Licensing Board, it is unlikely that any independent airline would exist today, and it is probable that the entire UK air transport effort would be that of the State airline, British Airways. None of the really innovative ventures in air transport, emanating from the independents over the years, such as the Laker Skytrain and the cheap package-tour inclusive holiday, would have emerged. Millions might *have been denied the benefits* of air transport they enjoy today. Independent air transport has been largely based on innovation, with airlines risking their own money to prove their ideas commercially. Of course there have been some failures on the way, but on the whole the independents have been successful, often in the face of considerable political and commercial difficulties.

Some of the CAA's decisions were inevitable—for example, some of Laker's bids for intra-European routes were beyond the Authority's power to grant. But as a whole, the decisions tend to support the independents' growing criticism of current trends in licensing policy, *which* they believe to be anti-independent, and anti-competition, and to support their calls for a review of the basic *principles underlying that* policy.

POLITICS TODAY

Britain and Europe: the alternative to a clash


Terry Kirk

President Giscard and Mrs. Thatcher: Where is the solution?

THE ARGUMENT over the British contribution to the European Community budget *is coming to a climax*. *It* may not be quite true that there is a chart on a Foreign Office wall headed "Countdown to the Crisis," but that is certainly the way people are talking. The climax is due to take place when Mrs. *Thatcher* meets the other Community heads of government in Brussels at the end of this month.

Mrs. Thatcher *summed* up her position when she said on French television this week that Britain was going to the meeting "in what I call a *spirit of* compromise with very little room for manoeuvre." It is the second half of the quotation that is *striking*. The Prime Minister, fully backed by the Foreign Office, is going to Brussels with *very little room for manoeuvre*.

What that means in practice is that Britain wants a radical reduction in its net contribution *to the* budget, and wants it now. Current estimates put the net contribution in the financial year 1980-81 at around £1.2bn, or perhaps a little higher; a more definitive figure, which will form the basis of the negotiation, is about to be produced by the European Commission.

For obvious reasons, a radical reduction has not been publicly *defined*. One is given to understand, however, that it is considerably closer to 80 per cent than to the 50 per cent which, it is *sometimes* thought might be on offer as a plausible compromise. Certainly anything less than 60 per cent—some would say less than 70 per cent—would be extremely difficult for Mrs. Thatcher to sell at home and would be unlikely to prevent problems with the Community in future.

CAP ceiling proposed

At the abortive heads of government meeting in Dublin last December, the Prime Minister turned down an offer of £350m towards offsetting a net contribution that was then estimated at closer to £1bn. This time she is being more rather than less ambitious. Not only is she seeking a good 80 per cent of a higher figure; she also wants firm assurances that the British budgetary problem will not recur in subsequent years. She would further like a *commitment* that the amount of Community expenditure which goes on agriculture will not exceed 55 per cent of the total by the mid-1980s. At present agriculture accounts for about three-quarters of all Community spending.

The 55 per cent target figure has its most recent origins in an Italian proposal at the Dublin meeting in December. It also harks back to assurances given to Britain before joining the Community.

At that stage, in the early 1970s, the British argued that spending on agriculture was likely to rise to excessive levels, *thus causing a steadily increasing* net British contribution. The Community disagreed, saying that new Community policies would be developed over the years which would be more to Britain's advantage. It produced projections suggesting that the agricultural share of the budget would fall to around 55-60 per cent.

In the face of continuing British scepticism, however, the original six members also agreed to the following statement: "Should unacceptable situations arise within the present Community or an enlarged *Community*, the *very survival of the* Community, would demand that the institutions find equitable solutions."

That statement is the basis of the British case. The very survival of the Community is at stake. Moreover, there should be no doubt by now that Britain intends those last few words to be taken literally.

The policy likely to be pursued, if there is no *satisfaction* in Brussels, will not be that of the empty chair, which would amount in effect to a declaration of impotence; nor will it at least initially, be one of withholding budget contributions. Instead, the British Government will set out to make life for the rest of the Community absolute hell. Every decision that can be blocked will be blocked. There will be no movement on farm prices and no progress on fishing. There will be no new initiatives that do not benefit Britain and there will be a diminution of foreign policy co-operation.

There is no reason to believe that the Government is bluffing. Britain is preparing to play the wrecker by acting entirely within the law. That is the sort of confrontation towards which we are heading if there is no agreement in Brussels.

There can be no excuse for the rest of the Community being unaware of the British position, even though there may be doubts about the readiness to put it into effect. Equally, however, the British Government at present has no good grounds for thinking that its demands are going to be met by anything like the required amount. It is a high risk policy and the Government is playing for exceedingly high stakes. It is all too likely on present form that the threats will have to be carried out.

The risks involved for all parties are so great that it is worth considering, even at this late stage, whether the confrontation can be avoided. The British Government has made a basic policy decision which seems to me tactically wrong on two counts. It is pro-Community and wants to be a full and active member. But it has decided to separate the budgetary question from everything else; only when that is satisfactorily resolved will it be ready to seek progress on other matters, and only then will it set about selling the benefits of membership to public opinion.

However the rest of the Community does not believe that the Government is particularly pro-Europe; on the contrary, it sees Britain floating off again to the other side of the Atlantic. That is the first tactical error. The Community needs to be convinced that Britain also has some positive ideas.

The second error lies in believing that if and when the budgetary question is settled, it will be easy suddenly to switch back public opinion in favour of the Community. According to the opinion polls (none of which is that recent), just over half of the electorate has come to regard British membership as a bad thing. One has only to watch the House of Commons to see how opinion is turning against Europe, and not just in the Labour Party.

It is quite possible that if Mrs. Thatcher were to have a spectacular failure in Brussels, forcing her to apply the wrecking approach, this would be politically popular at home, at *least in* the *short-term*. But is that really what she wants? It is far more likely that failure would increase the pressures for withdrawal: such pressures could be very difficult to reverse.

Yet is ought to be possible to cultivate British opinion in favour of Europe and Community opinion at the same time. There are several things that could be done, most of them concerning France.

Mrs. Thatcher said in her French television broadcast that she hoped that the argument about the budget was not taking on the colouring of an Anglo-French dispute. But everybody knows that it is. Even the most experienced diplomat will tell you, while checking the number of days to the countdown, that what happens in Brussels depends on France. This is the classic mistake of British foreign policy towards the Community. What it means is that you rely on the rest of the Community or, in practice, West Germany to persuade the French to be sympathetic to the British point of view. It has never worked.

Faults on both sides

One should say at once that the faults in the Anglo-French relationship are by no means entirely on the British side; the French can be oversensitive about what they perceive to be their own national interests to an absurd degree. Yet for about 90 per cent of the time, the French and the British will talk rationally about the state of the world — the Middle East or Germany, for example — and reach broad agreement. It is when it comes to their own relations that things go wrong.

However, there should be overwhelming common interests. If Britain really went in for wrecking tactics, there would be a further threat not only to Anglo-French relations, but also to French, and to British relations with Germany. In short, Western European unity would cease to exist. At the same time, there would be a problem with the U.S. because the Americans would have no Europe to talk to. Is that kind of fragmentation what either the French or the British want especially at a time when international relations are already unstable?

The British side seems to have vastly overplayed the question of lamb. I agree with John Cherrington, the FT's agriculture correspondent and no great friend of the Common Market, who has consistently argued that there was no way in which the French could have accepted a sudden wave of cheap lamb imports. What we should have done is to have begun a dialogue expressing sympathy and found ways of resolving the problem, perhaps with Community help. Instead, the matter has been exaggerated out of proportion to its intrinsic importance. The unity of the Community has been threatened by rigid attitudes towards small movements of sheepmeat. There is still time to change.

On the wider front, there is room for further development of political co-operation, which involves the Nine in the search for a common foreign policy but has nothing to do with the Treaty of Rome. Lord Carrington, the Foreign Secretary, who has some standing in Europe, believes that co-operation was shown to be defective by the Afghanistan crisis. He would like to *improve* it, but is scarcely acting in public. Indeed, the word is that if there is no progress on the budget in Brussels, *political* co-operation will go into reverse.

That is an extraordinary way in which to conduct foreign policy, though no more extraordinary than the fact that the texts relating to political co-operation have never been officially published in Britain. British diplomats consult the English version of a booklet put out by the Germans. There could be some public elaboration of how Britain would like co-operation to evolve: a new European Treaty perhaps (a Treaty of London?), or a permanent secretariat. How is political co-operation supposed to fit in with all those other groups, NATO, the Community, the economic summits and the *group of four, composed of* Britain, France, Germany and the U.S.? But of that there is no word. Lord Carrington *might find a sympathetic* European audience if he were to make a speech about it.

There are other opportunities. Everyone in the Community says that Britain has an energy card. The British insist not. But what matters is that other people think we have. Why not pretend to have one and play it for all it is worth, even if it means setting up another study on European energy in the year 2000 or offering to sell the Europeans more oil for advance payment.

Enlargement questions

If the Government were to take the longer view, it might also raise questions about what the Community is going to be like when it is enlarged to include Greece, Spain, Portugal and Turkey, and what is to happen about Community expenditure when it reaches the agreed 1 per cent limit of VAT. That time is not all that far off; it is where the real point about restructuring the allocation of the budget comes in.

Mrs. Thatcher might reasonably quote as a text for the future some remarks by Mr. Roy Jenkins, the President of *the Commission, in 1977*. "We must only give to the Community functions which will, beyond reasonable doubt, deliver *significantly* better results because they are performed at a Community level. We must fashion a Community which gives to *each member* state the benefits of results that they cannot achieve alone. We must equally leave to them functions which they can do equally well or better on their own."

As it happens, that was the speech in which Mr. Jenkins developed the idea of economic and monetary union, which might also be up to play for. The lines quoted are not a bad theme for Mrs. Thatcher to take to Brussels, nor for Ministers and officials to elaborate beforehand. At least they suggest a vision of the future which goes beyond the British contribution to the budget.

Malcolm Rutherford

MEN AND MATTERS

Keeping up that golden silence

The gift of £300,000 towards the work of cardiac surgeon Terence English, announced yesterday, provides him with a further breathing space in which to continue heart transplantations free from financial worry. "He's very relieved," a close associate tells me.

In keeping with his policy of ducking out of the medical profession's notorious spitefulness by the simple expedient of keeping his head down, English, a South African of gloomy disposition, went to ground after yesterday's announcement. The gift was made by David Robinson, an even more reclusive man, whose silence and wealth are legend.

Certainly, Robinson could be said to have given away more of his money than of himself. His generosity it matched only by his abhorrence of publicity. At the Press conference in Cambridge yesterday, his long-standing personal factotum Mrs. Peggy Umney insisted that the ageing Newmarket philanthropist should be kept out of the story; all questions about him were "totally irrelevant."

Robinson's fame is clearly to be on his own terms, and he is *well known for precipitately* withdrawing gifts if the recipients show any signs of squabbling about how they should be spent. The new £17m Robinson College, whose grounds, by coincidence, border on English's garden in the Kaldor quarter of Cambridge, was itself in jeopardy at one stage.

Now 75, Robinson made his fortune from the TV rental empire which bears his name, and which he sold to Granada for £8m in 1968. *It* was built single-banded from bicycle shop beginnings in Cambridge, somewhat in the style of his Oxford counterpart Lord Nuffield. He became the biggest—and most businesslike—racehorse owner in the country, but later sold the lot, along with his stables. The story goes that this was in part pique at being snubbed by the Newmarket elite, particularly the Jockey Club. In rare public speeches, he referred to the Club as "surely a citadel which will withstand for ever the assault of its enemies and the advice of its friends."

Subsequent shedding of his 14,000-acre Scottish estate helped maket up the £17m be gave to Cambridge University to build Robinson College—a curious testament to anonymity.

"That constable outside isn't called Capes by any chance?"

Cradle and all

Motions demanding nurseries and creches at factories and offices have become regular features at the annual TUC Women's Conference, and this week's agenda at the 50th anniversary jamboree was no exception.

It came, then, as something of a surprise to a working-mother colleague who arrived at the conference—complete with one infant, one nanny, one pram and assorted carrier bags stuffed with nappies, clothes, bottles of milk, rattles and teething rings—to be told by a flushed official that plans for a creche at the Bedford Hotel venue had fallen through.

Undeterred, our news-hungry reporter and her entourage trundled into the reception area and set up camp. Bedlam, naturally, ensued. But the bold *nanny* held her *ground*, unmoved by the glowerings of a TV crew who had to cobble together an interview with Len Murray against a background of mewlings, nappy-changings, surrounded by bottles of milk warming in hotel teapots and furniture littered with bits of rusk and cotton wool.

The sight of the working mother at odds with her surroundings obviously made its mark on Murray, who later harangued the conference. "Far too often in our own unions," he admonished, "meetings and training courses are held at times when women with family responsibilities find hard to attend. We still have much to do to put our own house to rights."

MacGregor pops in

One of Britain's most sought-after expatriate businessmen slipped into London this week and slipped out again yesterday almost unnoticed. While there was no secret about *his visit* from the U.S., Ian MacGregor, tipped in some circles as the man most likely to succeed Sir Charles Villiers at British Steel, was plainly not pleased that I had managed to track him down.

He gruffly conceded, however, that he had not scratched his name from the list of possible runners. The object of this *visit*, however, was a board meeting at BL, where he is vice-chairman, and a dinner with his colleagues at bankers *Lazard Frères*, who, he said, keep him "fully occupied." He also retains an office at the U.S. metals conglomerate Amax, where he is honorary chairman.

While the challenge of salvaging BSC would obviously have a strong appeal to the 59-year-old Scot, even stronger I suspect, are the ties that bind him to his adopted homeland. "You must realise my children are all American, and I have 40 years of friendships and relationships in the States. On the other hand, though, I am wholly *sympathetic* to this nation's objectives."

Buckley's back

When times change and empires crumble, circumstances can throw together some strange bedfellows. Tony Buckley was one of Jim Slater's chief lieutenants in St. Paul's Churchyard (the "graveyard" as the boys jokingly called it) and was chief executive of that all-action dealing and investment outfit for almost four years until September, 1975.

Coming through the cyclonic experience of the secondary banking and property crash, he branched out on his own and went into several quoted companies, notably Lamont, London and European, Floreat and Norvic Securities. The experience proved at least as sticky as some of the latter days of Slater Walker Securities' brinkmanship.

Now Buckley is running a printing *shop* in Walthamstow for Joe Dwek, one of the very few "graveyard" lieutenants still at the helm of a public company. *Dwek chairs Bodycote*, the protective clothing firm. But Action Typesetters is his own private baby; and, he tells me, it is doing nicely-thank-you. *Its* customers include the distinctively non-capitalist Labour Weekly and publications of a similar political hue. Dwek confides that he and Buckley are angling to hook the big one—the contract to print that other compendium of leftist ethics, the New Statesman.

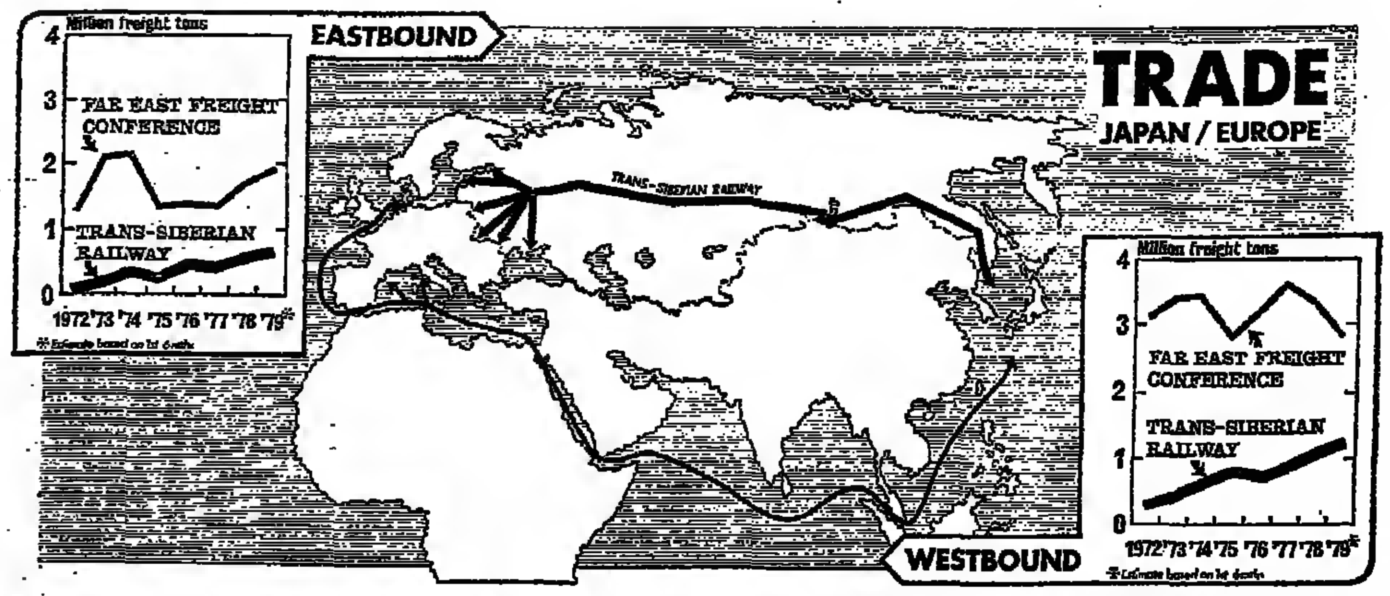
Fitness freak

Overheard: "I'd say I was pretty fit for a man of 60. First thing in the morning I bend down and touch my bedroom slippers 50 times—then, if I feel up to it, I get out of bed and put them on."

Observer

TRANS-SIBERIAN RAILWAY ● BY WILLIAM HALL, Shipping Correspondent

The Soviet challenge to Far East shippers



SIR RONALD SWAYNE is a worried man: as chairman of Overseas Containers (OCL) he says his company may be forced to withdraw from its main trade route to the Far East during the next few years unless something is done about his main competitor—the Trans-Siberian Railway (TSR).

In shipping circles, Sir Ronald is considered as something of a hawk about the Soviet threat to the West's merchant shipping fleet. However, there is a growing awareness both in government and leading European shipping companies that the TSR is undermining conventional shipping operators. The TSR can no longer be ignored.

Traditionally, Europe's trade with the Far East has been carried by old-established shipping companies most of which are members of the powerful Far East Freight Conference (FEFC). However, over the last few years TSR has undercut the shipping companies by up to 50 per cent, and has won an increasing share of the market.

Initially, TSR was dismissed as a minor irritant. Transit times between Japan and Europe were much slower and more unpredictable than those of the shipping companies; containers got lost and sometimes never turned up. It was assumed that the combination of Russian bureaucracy and an outdated transport system would always blunt the TSR's competitive edge.

But TSR's performance has steadily improved. Containers no longer get lost, transit times have been substantially reduced and the service has become more reliable. The result has been a marked increase in its use.

Accurate figures for TSR's market share are hard to find. The railway did not start making inroads into the Europe-Far Eastern cargo trade until the early 1970s. Its first target was the lucrative Japanese traffic. OCL estimates show that from 7.9 per cent of westbound traffic out of Japan, and 4.4 per cent of the eastbound traffic in 1972, TSR increased its share of westbound traffic (the most profitable leg) to 29.6 per cent and eastbound traffic to 24.3 per cent in the first half of 1979.

The number of TSR container loads (a container is roughly equivalent to 20 freight tons) increased westbound from Japan by 12 per cent to 47,000 in 1979, according to OCL. Eastbound traffic rose by 22 per cent to 28,000. Container traffic is measured in terms of 20-foot equivalent units (teus).

Having taken a major share of the Japanese market, TSR is now expanding into other Far Eastern markets, traditionally served by the FEFC, and has ambitions to move into the Europe-Australia trade.

The Soviet railway carried 7,500 containers westbound out of Hong Kong last year and moved 6,000 into the Colony from Europe. This was an increase of a third on the 1978 figures and gives the TSR more than 10 per cent of a market which has traditionally been very important for OCL. South Korea is another market where substantial inroads have been made. Last year TSR increased its westbound traffic from there from 2,800 to 7,700 containers—15 per cent of the market.

According to OCL, TSR's Far Eastern operations have grown at a compound rate of 20 per cent per annum in recent years — a period when the total trade was stagnating — giving it a current share of about 10 per cent of the total. The Russians have said their aim is to win 25 per cent of the Far East trade.

TOTAL FAR EAST TRADE*—1979

(m freight tons)

	Eastbound	Westbound	Total	'000 Teus†
FEFC	6.35	8.39	14.74	750
Outsiders	1.35	2.52	3.87	200
of which: TSR	(0.70)	(1.20)	(1.90)	(95)
Total	7.70	10.90	18.60	950
(Equivalent Teus†)	430,000‡	520,000‡		

* Europe—Japan, Hong Kong, Korea, Taiwan, Malaysia, Thailand, Philippines and Singapore. † Twenty-foot equivalent units—standard containers. ‡ The average eastbound container contains 17.9 tons, westbound the average is 21 tons.
Source: FT figures from various sources.

TSR CONTAINER TRAFFIC WITH JAPAN

(in 20 ft. equivalent units—Teus)

	EASTBOUND	WESTBOUND Europe	WESTBOUND Iran	Total
1974	17,088	28,000	6,391	34,391
1975	12,632	33,000	14,314	59,946
1976	22,072	28,000	29,684	79,756
1977	21,770	40,570	8,410	70,750
1978	23,212	49,407	3,644	76,263
1979	26,434	54,175		80,609

Source: Japan non-vessel operating carriers.

TSR now has an annual capacity of 250,000 teus and the Far East's total traffic is of the order of 1m teus per annum. It has been investing in new container handling and signalling equipment and expanding its Pacific coast ports—the main bottleneck until now. Its capacity should be increased to 300,000-350,000 teus within two or three years.

The Russians are close to completing the 2,000 mile Baikal-Amur railway line about 300 miles north of the existing track, which runs close to the sensitive Chinese border. When this is finished TSR's container capacity will be virtually unlimited.

It is this long-term threat which really worries the 29 companies operating 3m gross registered tons of shipping under the umbrella of the FEFC.

There are signs already that Soviet competition is beginning to bite. FEFC's freight rates have been frozen for the time being and TSR has been absorbing virtually all the growth in the market.

Revenue per container fell by a tenth last year and some large shipping companies are believed to be losing money on their Far Eastern trade. The recent sharp rise in bunker costs, which account for 70 per cent of a container ship's operating costs, has only made their competitive position worse.

The shipping companies' main complaint is that TSR is not run as a commercial operation: its main purpose, apart from ferrying military supplies back and forth across Russia, is to earn foreign exchange.

They argue that the rates charged by TSR are based on marginal costing and make no attempt to recover direct capital costs and that TSR's rate of $0.12 per container mile is well below rates charged on comparable transcontinental routes. The General Council of British Shipping quotes figures of $0.43 per container mile Winnipeg-Montreal, $0.29 U.S. East-West coasts and $0.27 Freemantle-Sydney. Similarly, Russian terminal handling costs of $50 per container compare with world prices of between $150 and $200 per container.

Based purely on price, TSR is up to 50 per cent cheaper on high value traffic and 10-15 per cent cheaper on low value traffic. The shipping companies still have a competitive edge on transit times and they are more reliable. Container ships run like clockwork and are rarely a day late. TSR containers can be up to two months late on a 40-day journey, although normal transit times (pre-Afghanistan) were not much worse than those of the shipping companies. The situation has deteriorated recently, probably because military supplies are being given priority over containers.

Under normal conditions TSR's supporters claim transit times of 30 days for Hamburg-Japan and 35-40 days UK-Japan. The time for ships is 27 days. Although the Trans-Siberian route is shorter and the trains should be faster than ships, containers have to be transferred at a number of points which leads to delays.

There are three feeder routes for TSR and they all involve trans-shipment. Some 55 per cent of the business goes by rail to 12 Soviet frontier trans-shipment points where containers are switched to Soviet railcars because of the change in rail gauge.

The second most important link (29 per cent of traffic) is by sea to either Leningrad or Riga on the Baltic or Zhdanov on the Black Sea. On arrival at the Pacific ports of Nakhodka and Vostochny, they are once again trans-shipped to Soviet feeder ships.

Truck journey

Finally, a certain amount of traffic from West Germany, Austria and Switzerland is taken by Russian trucks to Vysoko Litovsk, a container terminal on the Soviet/Polish border where it joins the TSR rail network.

TSR is controlled by the Soviet Government freight forwarding company, Sojuzvneshtrans (SVT), which is an offshoot of the Ministry of Foreign Trade. Most of the business, however, is generated by foreign forwarding companies. In Japan, for example, 15 forwarding agents have been granted licences by SVT to send containers by TSR. The biggest is Jeuro Containers which moved 18,977 containers westbound out of Japan last year. The next biggest is Y.S. Line (8,096 westbound), followed by Trans-Siberian Containers (5,783 westbound). Much of TSR's success is due to their aggressive marketing.

One of the problems is that the expansion of TSR exposes a fundamental conflict of interest between exporters and the shipping companies. The latter can demonstrate that the TSR is undermining their business yet German and Japanese exporters are reluctant to take action to curb a cheap service which is helping them win export orders in overseas markets.

British companies have so far made less use of TSR than their Continental and Japanese rivals—mainly because of its longer transit times. In addition, the FEFC has cut many of its UK rates to reduce the most glaring disparities with TSR. As a result one major British company said that whereas it was allowed under the FEFC fidelity contract to ship up to 10 per cent of its Far Eastern traffic via TSR, it normally shipped no more than 1 per cent.

There is nothing new about outside competition for the established shipping conferences such as the FEFC. The outsiders keep the shipping conference members on their toes. However, in the case of TSR, the shipping companies are very worried.

Some people fear that there may be a more sinister motive behind the expansion of TSR. By undercutting freight rates over a long period, they say, the Soviets will so weaken the Japanese and European shipping companies that they will be forced to withdraw from the Far Eastern Europe market—one of the world's most important trade routes.

As a result the traffic will gravitate to the Russians giving them a useful economic weapon if war should ever break out. The position of the shipping companies is not yet critical but according to the Common Market Shipowners' Association it is "deeply disturbing."

Many shipping industry people feel that something has to be done fairly quickly to counter TSR's rapidly increasing market share. Unfortunately, there are no easy solutions.

One option would be to try to get TSR to join the Far East Freight Conference. This would enable the Russians to increase their foreign exchange earnings. It would also curb Russian competition. However, this is only an outside possibility and most effort is being put behind trying to get West European governments to exert pressure on Moscow at a political level.

A more likely solution would be the introduction of some European quota system for TSR traffic. The French, however, are not particularly sympathetic to the problems created by TSR. Also any quota system would be difficult to police.

Letters to the Editor

Joining the EMS

From Professor P. Minford

Sir,—In your editorial on Tuesday you supported the idea of Britain joining the European monetary system on the grounds that it would not only be helpful in "foreign policy" but also moderate the effects of currency appreciation on British industry. Both these arguments are dangerous.

Foreign policy should be the process of promoting our interests overseas. Too often it appears to be interpreted as the process of giving way to unreasonable demands by others promoting their interests. The current demands of our EEC partners are contrary to our interests and unreasonably so in a variety of areas—energy, lamb, budget contributions and so on. Such demands have to be resisted, tactfully if possible, but if necessary by tactics as brutal as those used previously by our French partners, who have notoriously never deviated from a hard-headed interpretation of their foreign policy interests.

EMS is a further area where it is against our current interests to become involved. The danger is that we will sacrifice control of the monetary aggregates, so painfully (and even now not fully) re-established since November. Your previous editorials have uniformly and rightly stressed the primacy of monetary control. To suggest now that loss of such control would help industry is short-sighted, since any short-term gain would rapidly give way to severe costs from accelerating inflation. The right way to relieve the financial pressures on industry is, as you have said at other times, to cut public sector borrowing as sharply in 1980/81 as is feasible.

The principle of European monetary unification is a good one given the right domestic monetary environment. Present divergences of monetary policy within Europe, however, and our particular problems in maintaining monetary control make today a bad time to attempt to implement it. Instead we should work for the necessary monetary convergence, regarding monetary unification as a natural result of such convergence when it comes.

(Professor) Patrick Minford.
Eleanor Rathbone Building,
University of Liverpool,
P.O. Box 147, Liverpool.

Developing dockland

From the Deputy Chairman, London Chamber of Commerce and Industry.

Sir,—Mr. Staden (March 12) ascribes the demise of docklands to industry's departure but gives no reason for it. In fact this is a phenomenon shared by the rest of London. High overheads and escalating rates are no incentive for businesses to remain in the capital when government grants and lower operating costs attract them to the regions. But these disincentives could be overcome and industry both domestic and foreign, attracted back to London provided there was adequate infrastructure. This is sadly lacking, particularly in docklands, and I find it hard to see how a committee consisting of six local authorities all with different interests and priorities, *could* be more efficient than a single executive body in ensuring that the Government and Greater London Council provide these services. That is why the London Chamber supports the creation of a Docklands Urban Development Corporation.

I cannot agree with Mr. Staden that this will be an untried, inexperienced and irresponsible agency. The New Town Development Corporations provide successful experience of such developments. In Mr. Nigel Broackes and Mr. Robert Mellish, MP (chairman and vice-chairman, respectively) there is a unique combination of business acumen and political expertise; and incidentally, Mr. Mellish is a local MP well able to represent the interests of the docklands community. Far from having no responsibility the UDC will report directly to the Secretary of State and through him to Parliament.

Mr. Staden's preference for an Industrial Development Board (surely a rose by another name?) is puzzling. The UDC has been given the powers which the Docklands Joint Committee lacked and there should be ample opportunity for co-operation between the two bodies, provided there is sufficient will.

R. T. S. Macpherson.
69, Cannon Street, EC4.

Productivity and costs

From Mr. A. Mitchell MP

Sir,—Mr. Malcolm Rutherford's article (March 1) quoting what Mr. Peter Thorneycroft said in 1958 to justify his resignation is illuminating in more ways than was possibly intended.

Mr. Thorneycroft argued that a cut in Government spending was a "pre-requisite to the stability of the pound, the stabilisation of prices and the prestige and standing of the country in the world." This was in the classic tradition of the hard-faced, hard-money men of the Conservative Party who brought so much misery to this country in the 1920s so that the "pound could look the dollar in the face"—or the navel or whatever part of the dollar's anatomy is considered appropriate at the time. Yet the policy would have been no more successful. Lack of international competitiveness cannot be cured by policies which raise our unit costs in relation to those of our competitors. That is why the present Government's policies are bound to fail.

Let the record speak! In the Thorneycroft years of 1956-58 output per head in manufacturing rose by an average of only 0.5 per cent. Wages and salaries per unit of output rose by 5.7 per cent. In the non-Thorneycroft years of 1959-60 productivity rose by 5.0 per cent and costs by 0.0 per cent. Enter the ghost of Mr. Thorneycroft in the shape of Mr. Selwyn Lloyd and productivity rose 0.0 per cent and costs by 4.2 per cent.

Who dare say on this record that the common sense of Mr. Macmillan was not more reliable than the view of those whose "main object was really to declare war on the trades unions," to quote the words of Mr. Gordon Walker in the Commons on October 29, 1957.

Mr. Roy Jenkins was cast in the same mould. In 1969-71 productivity increased by 2.0 per cent and costs by 9.4 per cent. Under Mr. Heath productivity increased by 6.8 per cent and costs by only 4.8 per cent. Contraction and deflation fuel inflation. Growth and expansion allow us to absorb it, the reverse of the conventional wisdom.

This Government will outdo all its predecessors by reducing productivity and increasing unit costs by well over 20 per cent. Mrs. Thatcher's dislike of the trades unions and the people they represent has trapped her into supporting monetary and exchange rate policies which will wash away the Conservative Party, but not before she has destroyed a large part of the manufacturing base on which our future prosperity depends.

Austin Mitchell.
House of Commons, SW1.

Mysterious silence

From Mr. K. Middleton

Sir,—Changing my address lately has brought to mind the matter of postcodes. Do these really serve any purpose, or has the whole thing become a nationwide hoax, if not indeed a scandal?

A mysterious silence seems to have descended on the subject. Recent full articles in more than one newspaper about the postal service, its deficiencies and its problems, have conspicuously failed to make any mention at all of the mechanical sorting system of which postcodes form an essential part.

It is six or seven years since the system completed its trial run at Norwich, millions of pounds thereupon being invested in the new equipment. To what avail? Are we now to be for ever stuck with these fatuous postcodes because nobody at the top has the courage to tell us that the system has proved unworkable on a national scale and might as well be disregarded for all the use it is put to?

K. R. Middleton.
15, Lynedoch Place,
Edinburgh 3.

Trade unions' functions

From the National Officer, Association of Scientific, Technical and Managerial Staffs.

Sir,—I refer to "Letters to the Editor," on March 6 and, in particular, a letter from Mr. G. Arbib of Kelsey Industries, which I found amusing. I, too, was in my car on my way to the office at 7 am on March 3 to get on with my job, despite train lag, when I heard the news of the TUC's forecast about growth based on present Government policies.

Mr. Arbib appears to be of the view that the economic policies of this country are determined and planned by the TUC. Correction, the Treasury and Government do that. Personally I don't feel like getting involved in the well-worn argument of comparing our system with that of the U.S., but Mr. Arbib should really decide what he wants. The TUC has always endeavoured to promote mergers between trade unions in this country and, indeed, if Mr. Arbib would check, he would find that in recent years this policy has met with some success; but I suppose we cannot win either way. If there were only ten major unions in the country or one union per industry, every time there was an industrial problem we would then be accused of holding the country to ransom.

I am delighted that Mr. Arbib is happy at his work, but I am suspicious of anyone who tells the world that his company has excellent relations with all its employees without those employees having the right to a collective point of view.

I appreciate it would be difficult for Mr. Arbib to understand that a trade union's function is to protect and look after the interests of its members, and if an employer or, indeed, a Government is embarking on policies which will mean high inflation, high unemployment, poor social services, and a decrease in investment, then those policies affect the living standards and future of our members. Therefore, trade unions do what they can to change that situation.

Roger Beson.
East Road, Longsight,
Manchester.

Car tax evasion

From Mr. W. Eyres

Sir,—The estimate of the Department of Transport that car tax evasion is running at between 7 per cent and 9 per cent (costing £50m-£60m per annum) may seem a surprisingly high figure, although not perhaps when one considers the regressive nature of the tax (which represents not more than 2 per cent of the cost of a new car, but may be 10 per cent of the value of an older one) and the sharp rise in car running expenses.

Official efforts to catch evaders are unlikely to prove cost effective. A more sensible way of reducing evasion costs would be to lower the car duty on older cars by introducing a graduated tax, starting at, say, £75 for a new car, and tapering according to the age of the car to £25. This would be simple administratively owing to the letter suffix indicating the year of manufacture. The lower tax would reduce the amount of evasion and also help the owner of an older car to maintain it in good order for longer.

Another way in which the tax could be used constructively would be to adjust it annually (assuming it is indexed against inflation) on August 1, the date the letter suffix changes. This might help to alleviate the summer hiatus in the car industry as buyers wait for the new car year.

W. R. Eyres.
27, Grove Terrace, NW5.

Pensioners' tax

From Mr. E. Bolus

Sir,—With reference to the letter from Mr. F. Stark (March 8), there is another "iniquity" which affects pensioners particularly.

The restriction in age allowance for incomes exceeding £5,000, means that for a married man the next £960 of income is taxed at 50 per cent. The restriction should be abolished or reduced to, say, one-tenth instead of two-thirds of the excess income, but if it is retained, the income limit for a married couple should be increased to £8,000 in proportion to the age allowance itself.

E. G. Bolus.
8, Waterloo Drive,
Stratford-upon-Avon,
Warwickshire.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher visits Yorkshire and Humberside, including new Selby coalfield, Wiston.

TUC women's conference continues, Brighton.

National Bus Company pay negotiations open.

National Union of Mineworkers special conference on proposed mine closures, London.

The Queen opens Leicester Royal Infirmary extension.

Proceedings open under Health and Safety Act over Penmanshiel rail tunnel collapse in which two people died.

Sir Peter Gadsden, Lord Mayor of London, lunches with chairman of British Caledonian Airways, Gatwick.

Last day of Spring Antiques Fair, Bristol.

Overseas: Elections for a general assembly, Iran.

Final day of European Parliament session, Strasbourg.

Last day of Lord Carrington, Foreign Secretary, visit to Romania.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

House of Lords: Companies Bill, consideration of Commons' amendments.

OFFICIAL STATISTICS

Index of industrial production (January—provisional). Retail prices index (February). Tax and price index (February). Building Societies' monthly figures (February).

COMPANY MEETINGS

Bett Brothers, Angus Hotel, Dundee, 12. Brunner Investment Trust, 20 Fenchurch Street, EC, 12.45. Lonrho, Grosvenor House Hotel, Park Lane, W, 12. Oce-Van De Grinten, Langston Road, Loughton, Essex, 2.30. Sidlaw, Meadow Place Buildings, Dundee, 12.

COMPANY RESULTS

Final dividends: Midland Bank. Noble and Lund.

LUNCHTIME MUSIC, London

Organ recital by Jos Van der Kooy, St. Paul's Cathedral, 12.30.

Recital by Martin Elliot (baritone) and Robert Jones (piano), Central London Institute, Bolt Court, 1.10.

Chamber concert directed by Celia Bizony, Guildhall School of Music and Drama, 1.10.

Song recital by Ann Stanford (soprano), St. Martin-within-Ludgate, 1.15.

BP net income leaps by £1.18bn to £1.6bn—dividend hoisted to 17.5p

WITH THE fourth quarter of 1979 giving £437.4m against £152.4m, full year net income of British Petroleum Company soared from £444.4m to £1.62bn. Also the total dividend is lifted from an adjusted 6.359p to 17.5p with a final payment of 12p net.

The directors describe the result as a "paper profit" caused by inflation. On a current cost basis profits would have risen from £219m to £602m.

Historic cost figures give BP a return on capital of 24.9 per cent (11.2 per cent) and CCA accounting shows this at 9.7 per cent (6.5 per cent).

Much of the increase came from the effects of rising OPEC crude oil prices, which more or less doubled during the year.

The improvement in profits was achieved despite a particularly difficult year, during which the group lost the majority of its Iranian oil supplies and, later, all of its Nigerian access. The reduction of the traditional Iranian source led to a substantial cutback of its sale of oil to third parties.

Total sales for the 12 months increased from £17.56bn to £22.71bn. The oil products business did better than in 1978 but towards the end of the year its improved profitability was being affected by the high prices the group was having to pay to replace the lost crude oil.

Oil production rose during the year, particularly in the North Sea. Production from the group's share of the Forties and Ninian fields averaged 504,000 barrels a day, compared with 471,000 a day in the previous 12 months. In Alaska, BP's associate Sohio increased its share of Prudhoe Bay oil as production rose to a peak of 1.5m barrels a day.

As production expanded, so too did BP's share in Sohio, which reached 53 per cent. The combination of higher oil production and prices helped boost Sohio's contribution to group profits from £152m to £472m.

HIGHLIGHTS

British Petroleum has produced its expectedly sharply-higher profits, although its fourth-quarter net income is not quite as good as its third and the group places the emphasis on its current cost figures which show a more modest level of profitability. **United Biscuits** launches a £34½m rights issue to finance capital expenditure on its British biscuit business and it reveals 1979 profits of £43.7m against £42.2m. Lex also looks at the figures from **Cadbury** where the sharpest advances have been in the UK drinks business. Finally **Ultramar's** net profits are up from £8.6m to £46.8m, reflecting the impact of the second-half energy shortage on earnings. On the inside pages **HTV's** results are disappointing despite the strike. **Nu-Swift** has missed its forecast and there are also comments on **TDG, East Lancashire Paper** and **Harris and Sheldon.**

The group continued to expand last year, with the BP Germany subsidiary buying gas, oil and coal interests, and BP Australia also adding to its coal involvement. Nearer home, BP Nutrition bought Hendrix Fabrieken, a major animal feed company in the Low Countries. In the North Sea the group purchased a 15 per cent share in the Beatrice field, while Sohio in the U.S. bought more oil and gas reserves and exploration rights in the Rockies.

	1979 £m	1978 £m
Sales, operating revenue	22,705.7	17,559.8
Customs duties, etc.	4,462.0	3,281.8
Net sales	18,243.7	14,278.0
Other income	327.8	223.5
Cost of sales	11,290.4	9,802.8
Distribution	1,749.0	1,408.8
Depreciation	764.4	598.3
Interest	404.6	470.6
Income before tax	4,363.1	2,224.6
Overseas tax	1,189.0	1,107.7
Income after overseas tax	3,174.1	1,116.9
UK Corporation tax*	295.0	169.0
UK Petroleum revenue tax	781.9	355.8
Income after tax	2,097.2	592.1
Minority profits	476.3	147.7
Net income of group	1,620.9	444.4
Preference divs.	0.7	0.7
Ordinary: Interim	88.0	31.0
Final	185.6	65.3
Retained	1,346.6	347.4

* After overseas tax relief

BP expects to invest £6.5bn between 1979 and 1983 on capital projects — excluding Sohio's expenditure in the U.S. About £2.5bn, or £500m a year, is being spent in the UK. Including acquisitions capital expenditure for 1979 totalled £1.73bn (£1.29bn).

Although profitability of the Chemical side of the business improved, increases in raw material costs and competition in the UK market from imports reduced margins in the final quarter of the year. Satisfactory progress was made in integrating the operations acquired from Union Carbide and Monsanto. A number of new units were commissioned by BP Chemicals including the joint ethylene cracker with ICI.

After taking actuarial advice a special charge of £55.5m was made in the last three months of 1979 in respect of UK pension funds which are now fully funded.

Pointing out that the overall effect of exchange cannot be isolated from its reaction on trading conditions the directors estimate, however, that the currency effect of the translation of U.S. $ income and cash balances held in the UK to meet dollar commitments reduced reported income by £80m (42m).

The group's cash flow from operations in 1979 was applied to meet capital expenditure including acquisitions and a marked increase in working capital, principally to finance the higher volume and value of stocks held, of £1.1bn. In consequence capital employed by the group at December 31, 1979, amounted to £11bn and showed an increase of 13.8 per cent over the year.

The UK tax is increasing rapidly, principally on profits from Northern Sea operations. In 1979 UK tax paid totalled £556.8m, including petroleum revenue tax of £497.6m.

Development of the Buchan Field continued throughout the year with commencement of production scheduled for August 1980. Development of the Magnus Field proceeded, with the completion of the engineering designs and placing of a number of major contracts; production is still planned to commence in mid-1983.

See Lex

T. Clarke recovers in second half

AFTER A first-half fall taxable profits of T. Clarke and Co., electrical contractor, recovered to £275,158 in the second six months of 1979, compared with a depressed £81,268 last time, giving a full year figure increased from £356,873 to £476,103.

Stated yearly earnings per 10p share rose from 2.308p to 3.425p, while the dividend total is lifted to 1.4p (0.9621p) net, with a final of 0.875p.

Tax charge was up from £205,601 to £251,658 and net profits came out at £224,445 against £151,272.

Nu-Swift falls short of forecast with £1.1m

IN SPITE of second-half pre-tax profits improving from £378,000 to £419,000, Nu-Swift Industries failed to reach its forecast of £1.25m for the year. Figures for the year to December 31, 1979, showed a substantial improvement, however, increasing from £884,000 to £1.06m, which included overseas profit of £11,000 against a loss of £122,000.

Turnover was up from £10.95m to £12.47m.

The company, which manufactures fire extinguishers and extinguishing agents, started the current year with an order book of £1.01m, 20 per cent higher than at the same time last year.

Mr. I. Dorr, the chairman and managing director, says the company will strive to produce another year of record sales and profit, even though at the present time optimism must, of necessity, be restrained.

He anticipates, however, better results from the marketing subsidiaries in Holland, Spain and Switzerland, and the company is continuing its policy of marketing expansions by the taking of a more direct interest overseas, particularly outside Europe. Growth is also planned in the UK.

Exports will, he says, bring successes and disappointments but he expects to see sales growth in the Middle East and Scandinavia.

A second interim dividend of 1.21p (0.84p) is recommended, making a total 2.05p (1.748p).

Tax for the year absorbed £437,000 against £299,000.

Revaluation shows a surplus over book value on freehold land and buildings of £1.14m, and on plant, machinery and equipment of £1.15m.

● comment

Pre-tax profits at Nu-Swift have been bobbing around between £500,000 and £1m over the past 10 years, whereas sales have roughly quadrupled. Breaching the £1m mark last year, however, was small comfort for an extremely disappointing performance. The target pitched at the half way stage was undershot by around £200,000 at the year-end. There has been virtually no real profits growth as the 1978 figures included exceptional start-up costs of £153,000 from the Spanish operation. Together with the Swiss and Dutch marketing divisions, Spain was expected to produce £225,000 in profits last year and, as the overseas profits figure shows, this was nothing like accomplished. Both Spain and Switzerland are, however, expected to move into profit this year. Overseas teething problems were mostly to blame, coupled with the difficulty of exporting against a strong sterling rate to countries with low inflation. At home, the engineering strike knocked another £100,000 off profits. The group is cautious about this year's prospects but at least the balance sheet is strong and the return on capital is around 20 per cent even after the revaluation. At 27½p, the shares stand on a stated p/e of 8.3 and the yield is 11.4 per cent.

Cadbury Schweppes up 19% on maintained sales

FOLLOWING the improvement from £18.5m to £21.7m in the first 24 weeks, Cadbury Schweppes completed 1979 with pre-tax profits up from £48.2m to £57.3m. Sales amounted to £1.006bn compared with £1.013bn.

The profit result is in line with the directors' expectations of a material improvement but they had warned in their interim report that the year's figures could be significantly affected by the exchange value of sterling.

Sir Adrian Cadbury, chairman, now reports that profit would have been another £2m higher if currency values had not changed during the year.

Regarding the sales figures, the chairman says allowance has to be made for the deconsolidation of the Nigerian, Indian and other companies, whose combined 1978 sales were almost £66m and for movements in exchange rates.

Trading margins were improved and the return on operating assets was raised from 13.3 per cent to 16.6 per cent adjusting last year's figures to a comparable base.

Pre-tax earnings are stated as 14.65p (11.57p) and net earnings as 10.17p (7.25p). The final dividend is 2.9p lifting the year's total from 3.39627p to 3.85p.

Turnover comprises the UK, £628.2m (£589.3m), Europe, £91.2m (same), U.S., £114.8m (£97.9m), Australia, £97.1m (£105.6m) and other overseas, £74.9m (£128.7m).

Contributions to trading profit —£70.7m (£62m)—were UK £46.2m (£32m), Europe, £5.9m (£8.2m), U.S., £5.5m (£3m), Australia, £5.7m (£6.5m) and other overseas, £7.4m (£14.3m).

Tax takes £17.8m (£18.5m) and after minorities of £2m (£3m) and extraordinary debits in 1978 of £10.5m, attributable profit is £37.5m against £16.2m.

The strategic balance of the company was changed as North America became the largest overseas operation with 11.4 per cent of sales. Australia and Europe were responsible for 9.7 per cent and 9.1 per cent respectively.

The main improvement in UK profit came from drinks, but all divisions showed good increases, the chairman says. In the U.S. both confectionery and drinks continued to make encouraging progress, as did Schweppes and Powell Foods in Canada.

The Canadian confectionery operation was held back by commissioning difficulties at the new factory in Whitby, Ontario, but production and sales were now picking up and the 1979 loss should be eliminated this year.

Better results from the drinks division in Australia more than made up in dollar terms for a shortfall in confectionery, which had been caused mainly by a write-off of surplus stocks, but this was not reflected in the published sterling figures because of exchange rate differences.

Capital expenditure was maintained at the 1978 level and investment in marketing and research and development was increased.

Despite economic uncertainties, the chairman says that basic planks of the group's forward policy remain in place.

As a consequence of the programme of concentration and rationalisation started three years ago, the group is much better placed to meet the problems and contingencies of the coming year.

In the UK, increased VAT has had its impact on confectionery consumption. According to industry figures, despatches over the second half of last year showed virtually no improvement and the group message for the first few weeks of 1980 is that the market place has been "sluggish."

But it appears other areas are not finding the going so difficult. According to Sir Adrian, the group as a whole started the new financial year "reasonably well."

Volume sales on the group's UK drinks interest were a record last year. Market share for mixer drinks went up two points to around 55 per cent.

There was also a big improvement in the fortunes of the wines and spirits division. Losses here were more than halved to less than £500,000—and this included one-off rationalisation costs. The division, according to the chairman, is now trading profitably.

Another loss making area last year was Canada but the deficit is expected to be eliminated this year.

See Lex

Rise in second six months put Harris & Sheldon over £4.5m

WITH second-half 1979 pre-tax profits increasing from £2.66m to £3.03m, Harris and Sheldon Group reports full year total up from £4.04m to £4.52m. Turnover of this holding company, whose interests range from luggage and travel goods to motor accessories and sporting guns, climbed from £41.11m to £54.36m.

The final dividend is 1.75p against an adjusted 1.1606p, making the total 3p (adjusted 2.2126p) per 25p share. Stated earnings per share are up from 6.6p to 7.5p.

Tax accounted for £1.54m (£1.43m), and there was a deduction for extraordinary items of £323,000 (£109,000). With SSAP15 on deferred tax adopted, £4.39m was released to reserves.

Properties revalued as at December 31, 1979 resulted in a surplus of £3.87m.

Net asset value per share is shown as 56p (47.9p).

● comment

The track record suggests that Harris and Sheldon gets most of its many activities right most of the time but, as ever, some operations are performing better than others. After a slump of £365,000 to a profit of less than £100,000 on the display business, the contribution from the capital goods side was broadly unchanged at £2.63m, which disguises useful growth from the important lift companies. The consumer orientated companies nearly doubled profits at £1.66m and, although English Rose Kitchens, turned round by almost £70,000 to a profit of £33,000, loss elimination at Webley and Scott was mostly responsible for the improvement. Excision of the shotgun and starting pistol ranges in the middle of last year led to a loss of £323,000, struck below the line, but the impact on revenue was to trim losses by £342,000 to £143,000. The disappointing return on the kitchen assets is expected to rise now that the company is fully settled into its Warwick home and air guns are expected to reach break even point this year. Display, however, faces a very uncertain future but this is the only obvious problem area at present. The overall cash position is healthy, the share price of 38½p (up 2½p) is now backed by assets of 56p per share and both a fully taxed p/e of 4.4 and a yield of 11.7 per cent seem to offer a firm level of support.

Ultramar doubles profit as sales top £1bn

A SHARP increase in fourth quarter profits from £9m to £32.5m has doubled the pre-tax surplus of Ultramar Company, the petroleum exploration and development group, to £75.4m for 1979. Sales reached the £1bn mark for the first time, compared with £595.1m in 1978.

The forecast final dividend of 5p is doubled, making a total for the year of 15p—from 1966 to 1978 there was an annual scrip issue in lieu of dividend payment.

The directors are now proposing a one-for-one scrip issue.

The surplus is struck after charging amortisation, depletion, depreciation and amounts written off of £15.5m (£12.5m). In addition, the elimination of remaining unamortised cost in Iran where operations have ceased, takes £15.3m (nil).

The tax charge of £30.1m is proportionately lower than last year's £23.6m, say the directors, because of the reduced impact of earnings subject to Indonesian tax.

After a foreign exchange gain of £1.5m (£5.5m loss) which relates almost entirely to long term loans of individual companies repayable over the years to 1993, net profit was £46.8m (£8.6m).

Earnings per 25p ordinary share are shown as 99.3p (15.3p) basic, and 88.1p (16.6p) fully diluted.

Following the adoption of SSAP 15, comparative figures have been restated.

The directors say they expect another good year in 1980. Beyond that, they say they will need to obtain access to additional and sizeable quantities of oil in Western Canada if the group is to earn a fair return on its large refining and marketing investments in Eastern Canada.

In 1979, insufficient crude oil was obtained for projected refinery runs in Eastern Canada and the volume of product sales had to be reduced. Nevertheless, higher product prices and an emphasis on maximising operating margins gave improved second-half profits in Canada.

Geographically, profits and cash flow were well spread, add the directors, with the Indonesian operation contributing about 35 per cent.

The drilling programme, especially in Indonesia, was successful and there have been substantial additions to oil and gas reserves. The directors expect an announcement shortly of the finalisation of contracts for expansion of the Bontang liquid natural gas plant by doubling its capacity.

Capital expenditure during 1979 totalled £40m (£45.6m), of which the major portion was spent on exploration and development. The group intends to redouble its efforts to find new sources of crude oil, especially in the North Sea, and it has joined a number of separate groups to apply for licences on blocks being offered in the forthcoming seventh round.

The directors point out that the bulk of present capital expenditure will not have a great impact on profits until 1983, when the expanded Indonesian LNG plant will be on stream, the North Sea Maureen Field will be in full production, and other capital expenditure programmes will have been completed.

See Lex

Move to oust managing director of B. Wardle

BY ROBIN REEVES, WELSH CORRESPONDENT

A GROUP of Welsh shareholders in Bernard Wardle, currently the subject of a takeover bid by Mr. Graham Ferguson Lacey, is launching an attempt to oust Mr. J. W. Sharpe, the group managing director.

The move is the latest in a series of local protests at the company's decision to close its Caernarvon Everflex factory.

A resolution calling for Mr. Sharpe's removal has been formally notified for discussion at Wardle's annual meeting on April 24. Another resolution instructs the Board to reconsider the closure decision and "take every reasonable and necessary step" to retain the Caernarvon factory in productive use.

The shareholders group wants an investigation of the company's affairs by a Department of Trade inspector.

Last week, a consortium of local Caernarvon businessmen formally asked the Wardle Board if it was willing to sell the factory to them as a going concern. The request has been turned down.

The company plans to switch the factory production of pvc cloth for the motor industry to its Armorida subsidiary in Earby, Lancashire.

RESULTS AND ACCOUNTS IN BRIEF

ABBEY PANELS—Results for year ended September 30, 1979, already known. Group fixed assets £2.76m (£1.37m), investments £0.12m (same), net current assets £0.93m (£1.18m). Working capital decreased by £336,000 (£70,000). Meeting, Hayes, March 31, noon.

ANGLO - INTERNATIONAL INVESTMENT TRUST—Results for 1979 reported February 22. Investments £3.82m (£3.34m)—£3.26m (£2.93m) UK listed. Current assets £199,406 (£309,610). Current liabilities £353,682 (£189,419). Working capital decreased by £250,284 (£261,427 increase). Meeting, 30 Cannon St., EC, April 8, noon.

ENGLISH AND NEW YORK TRUST—Results for 1979 already known. Investments £39.45m (£40.89m) including UK quoted £28.63m (£29.89m). Net current assets £821,702 (£553,804). Liquidity decreased £331,000 (£2.93m increase). Meeting, 20, Fenchurch Street, EC, April 1, 3.45 pm.

KODE INTERNATIONAL (computer equipment manufacturer)—Results for year to December 31, 1979 already known. On CCA basis, pre-tax profit adjusted to £871,000 (£1.01m) compared with historic profits of £1.25m (£1.25m). Current assets £5.04m (£4.26m), current liabilities £3.27m (£2.33m). Increase in working capital £408,000 (£282,000). Interim accounting period to be changed from 28 weeks to 24 weeks to counteract distortion caused by holidays occurring in second half.

LAW DEBENTURE CORPORATION (investment trust)—Results for year to December 31, 1979, already known. Investments £16.98m (£16.13m) including overseas investments £3.2m (£2.94m). Net current assets £256,424 (£465,519). Directors report that substantial costs are currently being incurred in connection with one trusteeship in order to protect the interests of the loan stockholders. The extent to which these costs will be recoverable is not yet clear. Meeting, Estates House, London, EC, April 3, at 10.30 am.

DONALD MACPHERSON GROUP (paints and surface coatings)—Results for year ended October 28, 1979 with prospects reported February 13. On CCA basis, historical pre-tax profits £4.84m (£4.08m) reduced to £2.11m (£3.08m). Group fixed assets £10.03m (£9.14m), net current assets £17.37m (£13.19m). Shareholders funds £24.18m (£19.03m). Gearing 23 per cent (30 per cent). Meeting, Winchester House, EC, April 2, noon.

NARBOROUGH (F.M.S.) RUBBER ESTATE—For six months ended December 31, 1979, production was 510,317 kg (1,125,057 lb), 496,114 kg (1,093,745 lb). Average price realised: per kg 38.1p (36.6p), and per pound 17.4p (16.8p). Net proceeds of sale of rubber crop £195,091 (£181,155). Add replanting cesses refunded £7,885 (£9,633). General charges, etc., £82,891 (£76,714). Income from investments, loans and fixed deposit interest received and sundry revenue £1,764 (£2,229). Replanting expenditure £7,742 (£7,077). Profit before taxation £114,407 (£109,226).

MARCHWIEL (civil engineering, building)—Results for October 31, 1979 year reported February 20 in full preliminary statement. Group fixed assets £33.36m (£23.72m). Net current assets £26.1m (£18.25m). Meeting, Chester, April 2, noon.

THERMAL SYNDICATE—Results for year ended October 31, 1979 with prospects already reported. Group fixed assets £4.33m (£4.03m), net current assets £3.93m (£3.65m). Capital employed £8.26m (£7.68m). Meeting, Newcastle upon Tyne, April 3, 2.15 pm.

SPAIN

March 13	Price %	+ or −
Banco Bilbao	226	
Banco Central	250	
Banco Exterior	210	
Banco Hispano	221	
Banco Ind. Cat.	131	−1
Banco Madrid	155	
Banco Santander	258	+2
Banco Urquijo	170	
Banco Vizcaya	232	
Banco Zaragoza	204	−1
Dragados	100.5	+0.5
Espanola Zinc	60	
Fecsa	57.2	−0.5
Gal. Preciados	33	−0.5
Hidrola	64	
Iberduero	59	−0.20
Petroleos	106.2	−0.5
Petroliber	63	
Sogefisa	111	
Telefonica	54.5	+0.3
Union Elect.	62.7	

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
A. American Inv. Tst.	630§	April 25	520	860	750
British Petroleum	12‖	May 22	4.41	17.5	6.36
Cadbury Schweppes	2.9	July 1	2.45	3.85	3.39
T. Clarke	0.88	May 3	0.53	1.4	0.96
Coronation Syndicate	30§	April 29	14	—	54
East Lancs. Paper	3.13	May 1	2.18	4.79	3.69
Falcon Mines	150¶	April 18	40	—	100
Harmony Gold	165§	May 9	53	250	90
Harris & Sheldon	1.75	May 23	1.16*	3	2.21*
HTV ...int.	3.5	May 8	3.5	—	10
Nelson David ...int.	Nil	—	Nil	—	0.5
Nu-Swift Inds. ...2nd int.	1.21	April 4	0.84	2.05	1.75
Refuge Assurance	7.2	May 9	6.2	10.6	9.2
Sale Tilney	3.6	June 4	2.94	6.75	5.63*
Schroders	14	April 26	9.77	17	13.21
TDG	2.8	May 16	2.35	4.25	3.6
Ultramar	10	May 9	—	15	—‡
United Biscuits	2	July 1	1.51	3.7	3.01

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Scrip issue in lieu of dividend. § South African cents throughout. ¶ Zimbabwe Rhodesian cents throughout. ‖ Excluding special of 1.917p which was designated within reserves in 1977 and paid on August, 1979. Adjusted throughout for subdivision of shares in October, 1979.

Second-half increase takes Utd. Biscuits near £44m

SLIGHTLY HIGHER full-year profits and a one-for-five rights issue to raise about £33.8m are announced by United Biscuits (Holdings).

A £4m rise in the second half left pre-tax profits for the year to December 29, 1979, at £43.7m, compared with £42.2m previously. This was struck after sharply increased interest of £6.3m, against £3.8m.

Turnover improved from £703.8m to £791m.

At the interim stage, the taxable surplus was lower at £16.13m (£18.6m), but the directors expected that profits for the year would be about the same as last time.

Sir Hector Laing, chairman, now says it is more realistic to present the results on a CCA basis. Using this method, pre-tax profits were reduced to £34.1m (£34.7m). Historic earnings per 25p share of 14p (13.8p) were down to 10.2p (10.9p) on a current cost basis.

The net total dividend is raised by 23.1 per cent to 3.7p (3.006p), with a final of 2p. The directors expect at least to maintain the total in the current year on the increased capital.

Tax for the period under review took £7.8m, compared with £7.4m.

Looking to the future, the chairman says the group has a broad range of products in the UK and the U.S. which will stand it in good stead in a time of recession. When the upturn comes, this will enable the group to take advantage of improving conditions.

On reasons for the rights issue, Sir Hector says the directors consider it appropriate to raise further equity capital in recognition of the importance and long-term nature of the investment programme and to ensure that the group continues to be in a position to take advantage of opportunities for profitable expansion in the future.

He adds that the UK biscuit company — traditionally the group's major profit earner—is embarking on a substantial re-investment programme costing £100m over the next five years.

During the year under review, UK trading profits rose by 8 per cent to £36.9m, on turnover 15 per cent higher at £525.5m. The biscuits surplus edged ahead by 3 per cent to £20.5m, on sales up 8 per cent to 219.5m.

Sir Hector says the road haulage dispute affected all areas of business, while the VAT increase resulted in a temporary fall in volume of the affected products which account for about 40 per cent of UK sales.

Another factor affecting the UK outcome was the continued high level of marketing investment necessary to develop the frozen food and fast food business.

North America profits increased by 7 per cent to £16.1m on turnover 6 per cent ahead at £242.8m. A flat second half left Keebler's profits 5 per cent lower at £14.1m.

Specialty Brands, which joined the group last June, exceed the prex-tax profits forecast of $6.1m by $0.3m.

Trading losses in the rest of the world were cut from £1m to £0.4m. Turnover improved by 12 per cent to £22.7m.

	Year 1979 £m	1978 £m
Turnover	791.0	703.8
Trading profit	50.0	46.0
Interest	8.3	3.8
Profit before tax	43.7	42.2
Tax	7.8	7.4
Net profit	35.9	34.8
Minorities	0.1	—
Extraordinary debit	1.0	2.2
Attributable	34.8	32.6
Dividends	9.5	7.7
Retained	25.3	24.9

A pre-forma balance sheet shows that net borrowings of nearly £52m represented just over a quarter of shareholders' funds at the end of last year.

The rights issue has been underwritten by Morgan Grenfell and Co.

See Lex

Findhorn Finance up

Profits before tax of Findhorn Finance advanced from £73,755 to £103,168 for the six months to January 31, 1980 and turnover of the unquoted whisky stock financing concern reached £774,532, compared with £472,952.

The directors point out that first half results are not a reliable guide to the full year's figures. For the year ended July 31, 1979 pre-tax profits were £184,716 on turnover of £1.25m.

Tax for the six months took £17,769 (£18,470) and stated earnings per £1 share were up from 7.4p to 11.4p. The net interim dividend is 5.5p (5p)—last year's final was 9p.

Sale Tilney profits advance to £2.18m

A RISE of 18.7 per cent in pre-tax profits from £1.84m to £2.18m is reported by Sale Tilney, the industrial and foods group, for the year to November 30, 1979.

Turnover was only slightly up at £66.25m against £64.44m, and Mr. R. King, the chairman says that against a background of uncertainties at home and abroad he finds it impossible to make any but the most general and cautious forecast for this year.

He adds: "While our engineering division will continue to expand satisfactorily, the food division will inevitably feel the effects of the unfavourable climate in the grocery trade."

Overall, however, he expects the group to make reasonable progress.

The final dividend of 3.6p brings the net total for the year to 6.75p, compared with 5.6306p last time. Earnings per share jumped 64 per cent to 38.7p (23.6p).

	Year 1979 £000	1978 £000
Turnover	66,253	64,439
Profit before tax	2,182	1,847
Tax	387	717
Net profit	1,795	1,124
Minorities loss	23	†39
Extraord. debits	274	551
Attributable	1,544	534
Dividends	327	263
Retained	1,217	271

† Profit.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bracken Mines, Burndene Investment, Kinross Mines, Leslie Gold Mines, St. Helena Gold Mines, Winkelhaak Mines.

Finals: Electrolux, Midland Bank, Noble and Lund.

FUTURE DATES

Interims—

Aranaan (A.)	Apr. 2
Bridport-Gundry	Mar. 21
Lawtex	Mar. 18
Mucklow (A. and J.)	Mar. 24
Strong and Fisher	Mar. 18
Trafford Park Estates	Mar. 19

Finals—

Brant Chemicals	Mar. 25
Bruntons (Musselburgh)	Apr. 3
Clifford's Dairies	Mar. 28
Hall Engineering	Mar. 19
House of Lerose	Mar. 19
Matthews (Bernard)	Mar. 28
Rugby Portland Cement	Apr. 14
Stag Furniture	Mar. 25
Tarmac	Apr. 28
Tilling (Thomas)	Mar. 19
United Newspapers	Mar. 25
Vosper	Mar. 19

Barclays Credit shows growth

Barclays Credit, which is 50 per cent owned by Barclays Bank International, has raised taxable profits for the six months to January 31, 1980, to A$3.8m, compared with A$3.49m last time.

Tax accounted for A$1.74m against A$1.61m.

The company's assets rose to A$319.65m from A$304.91m and liabilities to A$276.65m (A$261.91m).

TDG at record £22.3m despite difficult start

FOLLOWING THE difficult start caused by the road haulage strike, Transport Development Group has maintained its recovery and 1979 pre-tax profits finished at a record £22.26m, compared with £19.79m previously, after a fall from £9.8m to £9.56m in the first half. Turnover for the year reached £248.25m against £219.45m.

The directors say that while there are signs of some decline from the intense activity of 1979, results to date establish a sound base for what may be a difficult year for industry.

With the group's financial position strong and its assets widely placed, it will be able to make the most of the opportunities any recession will bring, they add.

Operating profits for the year—up from £20.9m to £23.42m—were split as to (in £000s): road haulage £10,169 (£9,157), Storage £8,863 (£8,162), plant hire and other transport services £2,495 (£1,825), and reinforcement and exhibitions £1,892 (£1,759).

After-tax earnings per 25p share are stated ahead from 10.3p to 10.84p, while a net final dividend of 2.8p raises the total payment to 4.25p (3.60143p) per share.

With SSAP 15 applied, tax for the year accounted for £7.51m (£5.69m). Minorities took £272,000 (£318,000) and profits attributable to ordinary holders emerged up from £13.7m to £14.4m. Comparisons are restated.

There were extraordinary credits of £148,000, against debits of £178,000 last time.

Net asset value is shown higher at 83.4p (76.8p) per share.

● comment

There are so many extraneous factors in the first quarter of this year and last that Transport Development is finding it difficult to interpret its returns for the opening months of 1980. True, the weather is very much milder this winter and there is no transport strike, so TDG might reasonably have been expected to continue the upturn shown in the second half of 1979 when profits expanded by 26 per cent. That was enough to lift overall profits last year by almost 13 per cent, but hauliers for BSC have been moving into other areas with the result that competition has increased. The defensive qualities of the group as a whole, however, have not diminished; a point which a fully taxed historic p/e of 8.8, at 71p, up 3p, is only beginnig to recognise. Indeed the machinery removal business is buoyant—a grim reminder of the level of factory closures—and demand for dry goods and cold storage is rising as a stagnating economy reduces the rate of retail stock turn. Currency fluctuations have hurt the Australian contribution, which rose in Australian dollar terms, but 31 per cent growth in the six months since the June 30 consolidation date shows that parity differences are not insurmountable. Profits on the disposal of the United Carriers stake have been all but swallowed by asset conversion losses but the long period of slimming that culminated in the recent sale of the lighterage operation is almost over and the group is now aiming to acquire assets, traffic and new customers. The yield is a useful 8.9 per cent.

Better trading at Henlys

Trading since the turn of the year at Henlys, the motor group, had picked up to some extent, Mr. G. R. Chandler, chairman, told the annual meeting.

But because results for the first quarter were substantially below those of last year, the interim figures would not by any means approach those of the corresponding six months.

Short-term borrowing rates still gave great cause for concern, although the financial and sales package recently presented to the dealer network by BL would to some extent mitigate the problem.

Property sales had realised some £1m in the current year, and the substantial funds realised would be directed to profitable employment. The group was examining a number of propositions in this connection

HTV profits tumble after television strike blackout

WITH ITS television operation disrupted by the industrial dispute which lasted for some ten weeks in 1979, HTV Group reports pre-tax profits more than halved from £2.45m to £1.21m for the half year to January 31, 1980, on lower turnover of £17.27m against £19.63m.

A divisional breakdown of turnover and profits shows:—television £11.24m (£13.65m) and £506,785 (£1.43m); fine art £1.16m (£1.41m) and £273,340 (£403,660); publishing and stationery £4.87m (£4.57m) and £185,012 (£526,131), and property and leasing profits £280,264 (£175,034). Television profits were struck after Exchequer levy of £0.9m (£2.38m).

The directors point out that the diary trade of T. J. and J. Smith—included in publishing and stationery—is of a seasonal nature and it is usual for a loss to be incurred in the second six months.

Earnings per 25p share slumped from 11.15p to 4.9p, but the interim dividend is held at 3.5p net—last year's total payment was 10p on taxable profits of £4.09m.

Tax charge for the half year was down from £1.3m to £0.7m.

● comment

The figures from HTV bear the scars of the 11 week strike with television profits down by two-thirds despite the recovery in the second quarter. More disappointing is the downturn on the fine art and publishing and stationery sides. The general economic climate took its toll on fine art sales, particularly to the U.S., historically accounting for half of turnover, while the problems in the publishing industry were reflected in HTV's own operations. Television will make a recovery in the second half—there was an 18 per cent rate card increase last September which was obviously undermined by the strike but once the company went on the air again discounts went out the window. The level of advertising remains encouraging and a 20 per cent rate card increase last month should help. The diversified operations might prove less exciting but nevertheless HTV should be able to produce second-half results broadly similar to last year. So at 91p, down 5p yesterday, fully taxed earnings cover an unchanged dividend 1.3 times yielding a handsome 16.3 per cent. The p/e fully taxed prospective is perhaps 6¼. HTV should be able to hold onto its franchise in the latest round and it is one of two companies which will see a reduction in its rental in 1982. Yesterday's figures are disappointing, but the shares are beginning to look keenly priced at this yield.

N. SEA SUPPORT CONTRACT

The Viking Piper, a pipe-laying barge owned by Viking Jersey Equipment, in which North Sea Assets has a 20 per cent stake, has been awarded a 120 day contract by Texaco.

The contract, to supply accommodation and engineering support services in the Tartan Field, commenced on March 9.

Refuge Assurance advances

AFTER TAX profits of Refuge Assurance Company for 1979 rose to £2.48m against £2.08m in 1978. A final dividend of 7.2p lifts the total to 10.6p against 9.2p.

Premium income from the industrial branch rose from £31.79m to £41.36m and from £17.63m to £19.75m in the ordinary branch. Premiums in the fire and accident branch amounted to £8.6m against £5.9m. Transfers to the profit and loss account were £1.28m from the industrial branch, £1.02m from the ordinary branch and nil from the fire and accident account, compared with £1.07m, £855,000 and £50,000 respectively in 1978.

BANK RETURN

	Wednesday Mar. 12, 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	24,683,852	— 3,740,332
Special Deposits	103,870,000	—
Bankers Deposits	464,068,236	— 20,740,594
Reserves & other Accounts	682,530,443	— 38,768,700
	1,289,705,531	— 63,249,576
ASSETS		
Government Securities	659,127,080	— 73,630,000
Advances & Other Accounts	210,470,950	+ 6,224,204
Premises Equipment & Other Secs.	408,335,485	— 3,530,201
Notes	11,540,669	+ 7,755,540
Coin	231,387	— 9,119
	1,289,705,531	— 63,249,576
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,775,000,000	+ 25,000,000
In Circulation	9,763,459,341	+ 17,244,460
In Banking Department	11,540,659	+ 7,755,540
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,911,335,480	+ 502,831,668
Other Securities	1,852,649,420	— 477,831,668
	9,775,000,000	+ 25,000,000

Oil operators urged to use new techniques

OIL OPERATORS and governments should make more use of improved oil recovery techniques, which could provide an extra 4m barrels a day by 1995, according to a Financial Times management report, Scraping the Barrel.

The new methods, such as steam, chemical and gas injection, account for 1.5 per cent of present world production. But their viability has increased dramatically because of the oil price rises, says the report.

Describing the methods, the report adds that world reserves could be "stretched" so that oil would still make a significant contribution to energy resources in 100 years.

Scraping the Barrel, The Marketing Department, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Price £72/$165 overseas.

Status Discount shares suspended on approach

BY REG VAUGHAN

THE SHARES of Status Discount, the Northern retail discount stores group, were suspended yesterday on news of a bid approach. At the suspension price of 69p, the group is capitalised at £27.6m.

The identity of the bidder was not disclosed, but rumours suggested that either MFI, the discount stores chain, or W. H. Smith might be involved.

MFI said yesterday that they had no comment to make on the rumour, while Mr. W. B. I. Jamieson, the financial director of W. H. Smith, made it clear his company was definitely not the bidder.

Mr. Jamieson pointed out that Smith—which last year bought LCP Homecentres — was interested in large out-of-town home centres with big car parks. Status "did not meet this criteria," he said.

MFI, which has enjoyed rapid growth, is principally involved in the sale of household furniture and home improvements through retail outlets. Status, with some 90 per cent of its sales accounted for by prefabricated furniture, has a different operation and different product mix to MFI.

However, MFI does have trading links with Status through Humber Kitchens, a major kitchen equipment manufacturer. Humber, a private company registered in Jersey, is a major supplier to Status, the chief executive of which is the brother of Mr. Edward Healey, the Status chairman, and a former Status director.

Healey family interests are thought to control about 15 per cent of the Status shares.

In 1978-79 Status lifted profits from £3.79m to £4.06m after a lower second half—turnover was up from £30.87m to £40.78m. The market is expecting profits of around £5.3m for the current year. The group's borrowings at November 30, 1979, showed a sharp increase from £0.69m to £7.2m and compared with shareholders' funds of £7.93m.

MFI had a turnover of £87.5m in 1978-79 and boosted profits from £5.3m to £13.9m. In the first half of the current year a further increase from £6.03m to £8.06m was achieved. The group balance sheet at May 26, 1979, showed cash of £2.33m (£1.17m) but no overdrafts or loans.

Blue Circle reaffirms Armitage move

Blue Circle, Britain's dominant cement group, has reaffirmed its commitment to the planned takeover of Armitage Shanks, the sanitaryware company, following the surprise reference to the Monopolies Commission earlier this month.

Both boards, it said, "believe that the proposed merger continues to be in the best interests of both companies." They are keen to remove the present uncertainty.

Blue Circle has already gained the acceptance of a majority of Armitage shareholders for the £33m deal, which would give it control of Britain's last major independent company in the sanitaryware sector.

Still holding out has been the Lebanese-owned Ceramics Investments BV, which has gradually built up its stake in Armitage to around 28 per cent after stating that the bid undervalued its potential.

Blue Circle said the two companies would co-operate fully with the Commission in the hope of resolving the position as quickly as possible. One reason for the reference to the Commission by the Office of Fair Trading appears to be concern over the public desirability of conglomerate mergers between companies in different industries.

Blue Circle decided to bid for Armitage because of its wish to diversify beyond the cement industry, where it also has extensive overseas interests, into other, but not too unrelated, areas.

The OFT is also believed to feel, however, that neither the cement nor the sanitaryware sectors have demonstrated any great evidence of sharp competitiveness.

Narby expands Furness holding

BY JOHN MOORE

Mr. Frank Narby, the shipping entrepreneur, continues to add to his family company's holding in Furness, Withy. Dolphin Investments, the Narby family investment vehicle, has acquired a further 56,250 in Furness, the British shipping group at the receiving end of a £96.5m bid from Oriental Overseas Containers (Holdings), part of the C. Y. Tung group of Hong Kong.

Dolphin's holding stands at 11.73 per cent. Helix Investments, essentially the interests of the Webster family of Canada, which has reached an informal agreement to act together with Dolphin over purchases and disposals of Furness shares, has bought 13,750 shares, bringing its stake up to 3.99 per cent.

Both interest paid 372p per share for their latest purchases.

Furness, Withy shares rose 8p yesterday to 378p in anticipation of a higher offer. This compares with the 360p per share value which the Oriental Overseas offer places on the shares.

NATIONAL CARBONISING

National Carbonising Company has notified its purchases of shares in Hampton Gold Mining Areas to bring the stake in Hampton up to the recently agreed 1,430,300 shares—25.5 per cent.

On February 27, a total of 7,500 shares were purchased in the market with 35,000 shares on March 4 and 25,000 shares on March 7.

The 1.36m shares in Hampton held by Bond Corporation Holding of Western Australia were the subject of a conditional private purchase by National Carbonising on March 7.

BUNZL & BIACH

Bunzl and Biach (British), the UK-based textiles raw materials merchanting company, has asked us to point out that it has no connection with Bunzl and Biach AG of Vienna which, as reported on March 6, is being sold by its parent company, Bunzl Pulp and Paper.

NO PROBES

The proposed mergers between McKechnie Brothers and Delson and Co.; Generale Occidentale SA and Segma SA: Cavenham and J. Weingarten Inc., and the Throgmorton Trust and Cray Electronics are not to be referred to the Monopolies Commission.

Bid talks break down at Howard Tenens

The bid talks announced by Howard Tenens, the distribution and engineering group, at the beginning of last week have fallen through. The company announced yesterday that the approach received prior to the share suspension on March 3 has not led to an offer for the company's shares.

The shares — suspended at 80p — responded to the news with a 7p fall to 73p when trading resumed yesterday. The shares had come up from 64p in early January amid takeover speculation.

Mr. Edward Morris, the group chairman, was unavailable for comment yesterday but the person behind the bid approach was believed to have been Mr. David Llewellyn, formerly joint deputy chairman at English Property Corporation and now with Greengarden Investments, a private company.

Mr. Morris said last week that the bidder would have to give assurances on the future of the group's 1,300 employees and would also be expected to maintain the company as an ongoing business.

It is thought that this approach to Howard might be an opening bid and that there are other contenders waiting in the wings. Lex Service has been suggested as a possible bidder for Howard which would fit in well with its operations.

It is understood that a relevant stake of at least 20 per cent has been built up in the company and is held in nominee names.

Maples claims mystery suitor is still interested

THE UNNAMED company which is contemplating a bid for Maples & Co (Holdings), the furniture retailer, is still waiting in the wings. Maples issued a statement yesterday saying that "it has no reason to believe that the potential offerer is not contemplating putting forward further proposals."

Maples announced on March 2 that it had received an unwelcome offer from another UK company, which has yet to reveal itself. Morgan Grenfell, advisers to Maples, said that yesterday's statement was prompted by Press speculation that the potential bidder had withdrawn the proposals.

The potential suitor may delay making an announcement on a bid, however, since not all the board of the company is believed to be in the UK at present.

RESTRO OFFER UNCONDITIONAL

The offer by Restro Investments for Polly Peck has become unconditional.

Acceptances have been received in respect of 2.91m ordinary shares of Polly Peck. The total includes 2.9m held by Mr. and Mrs. Zelker, who gave irrevocable undertakings to accept the offer. Restro now controls 55.9 per cent of the voting rights of Polly Peck.

Restro held no ordinary shares of Polly Peck before the offer period, and none have been acquired or agreed to be acquired by Restro during the offer period.

The offer expires on March 31.

BRITTAINS PAPER MILL DISPOSAL

Thomas and Green, which produces base paper for imitation book cloth and coloured covers, has acquired the converting business at Arborfield Mill, Helpston, Peterborough, from the joint receivers of Brittains Arborfield, part of the Brittains fine paper group.

T and G has agreed to take over all trade marks, goodwill and existing contracts of Brittains Arborfield. Book coverings will continue to be produced at Arborfield with base paper supplied from the T and G paper mill. T and G said that the production of base paper for the Arborfield range fits ideally into its production range.

T and G, a small speciality group, is a private concern employing some 400 people and with annual sales of over £12m.

SHARE STAKES

Muirhead—Following directors have exercised options at 33.14p as follows: W. D. Sutherland 3,000 shares; D. Buchanan 1,500 shares; Dr. Sutherland also notifies sales of 2,500 shares at 196p and 4,000 at 194p.

Willis Faber—R. J. Elliott, director, on January 10, sold 18,000 shares at 217p.

Northern Foods — H. Cook, director, has bought 33,935 shares at 128p.

Arenson (Holdings) — Industrial and General Trust has acquired 70,000 shares, making holding 600,000 shares (5.98 per cent).

Capital Reserve Fund—After dealings carried out on March 5, holding of Norman Nominees has been reduced by 48,963 shares to 453,191 shares (36.53 per cent).

Brengreen (Holdings) — Directors have exercised their right to convert their holding of 10 per cent Convertible Unsecured Red. Loan stock into ordinary shares as follows: D. J. Evans £140,887 stock into 1,408,870 shares; A. G. Berry £21,514 stock into 215,140 shares, and E. R. Agar £21,514 stock into 215,140 shares.

General Investors and Trustees—Sun Life Assurance Society holds 772,182 shares (5.02 per cent).

Stenhouse Holdings: W. M. Wilson, director, notifies that a trust in which he has an interest as a trustee bought 20,300 shares at 72p on March 10, increasing trustee interest to 1,011,385 shares.

Security Services: P. A. C. Smith, as executor—non-beneficial—has acquired 27,750 "A" ordinary shares and disposed of 9,050 "A" ordinary.

Castings: Britannic Assurance bought 90,000 shares on March 5, making interest 790,000 (11.88 per cent).

Farnell Electronics: Imperial Chemicals staff pension fund has reduced its holding to 800,000 shares (5.16 per cent).

Mainline Electronic: Lloyds Bank notifies that it is holding 342,500 Ordinary shares in name of Lloyds Bank City Office Nominees, designated "NW" account, as nominees of its customers Norton Warbury Carter Breed (5.05 per cent).

Hoover Limited: Hoover Company has acquired 85,000 shares, making holding 5,482,609 (71.76 per cent).

Hampton Trust—Cleves Investments sold 524,681 ordinary shares between February 28 and March 6 and holding is now less than 5 per cent of the capital.

Anglo American Asphalt—Mr. D. M. McL. Burrell, chairman, acquired 25,000 shares and now holds 8.44 per cent. Mr. N. A. P. Gaymer and Mr. D. A. J. Doyle have acquired 1,000 and 500 shares respectively.

Newman-Tonks Group — Mr. E. T. Barnes, director, disposed of 30,000 ordinary shares.

F. Wrighton and Sons (Associated Companies)—Mr. A. J. Wrighton acquired 9,601 ordinary shares. The wife of Mr. K. S. Wrighton, director, acquired 61,950 ordinary shares.

Schroders up by £1.66m and lifts payout to 17p

DISCLOSED ATTRIBUTABLE profits of Schroders, the banking finance and insurance group, advanced from £4.94m to £6.6m in 1979.

The net total dividend is stepped up from 13.2119p to 17p per £1 share, with a final of 14p. A one-for-one scrip issue is also proposed.

The directors say this does not imply any increase in the total to be distributed for the current year.

Banking and insurance subsidiaries' profits improved from £3.85m to £4.6m. This was after minorities and transfers to inner reserves, out of which provision has been made for diminution in asset value.

Profits of Schroders Limited and and the non-banking subsidiaries were higher at £1.89m against £0.97m, after minorities. The share of associates' profits rose from £592,000 to £782,000.

The share of associates' extraordinary profits amounted to £586,000 (£674,000), and represents further realised profits arising from the disposal of investment properties in France.

Interest on loans after minorities totalled £1.24m, compared with £1.14m.

At the year-end, the attributable share capital and disclosed reserves of the banking and insurance subsidiaries were £22.16m in excess of book value. The directors have decided to increase the book value to reflect this and to credit the surplus to reserves.

Liquid assets were up from £655m to £732m at the year-end, and loans and advances were higher at £672m (£574m). Deposits, other accounts and inner reserves amounted to £1.43bn (£1.25bn).

• comment

The growth in Schroders' declared profits comes chiefly from two sources—the leasing side, which has made around £1.6m against £1m in 1978, and banking in the U.S., where the group's subsidiary is benefiting from a substantial capital injection. Against this, although Schroder New York has reduced its bond portfolio considerably, it has still taken heavy unrealised losses on obligatory holdings of U.S. government securities. Under U.S. accounting rules, no write-off has had to be made. The yield on the shares at 475p, up 5p yesterday, is 5.4 per cent.

East Lancs. Paper improves performance in second half

A brighter second half in 1979 led to a modest rise in the year's pre-tax profits of East Lancashire Paper Group from £1.46m to £1.61m. Turnover improved from £28.63m to £34.4m.

In their interim report, the directors attributed the first half downturn, from £708,000 to £615,000, to the transport strike and the bad performance of the Waldorf Stationery and Greeting Cards subsidiary.

Waldorf's position deteriorated further in the second half, substantially eroding group profits. Following this disappointing result a drastic rationalisation programme has started aimed at eliminating the unprofitable low margin bulk greeting card business and concentration on the still profitable sides of the operation.

After tax of £217,815 (£446,131) stated earnings per share at the year-end were 21.1p against 16.3p. The final dividend is 3.13p lifting the total from 3.685p to 4.79p.

Attributable profits are £1.15m against £886,322 after extraordinary charges of £233,491 against £115,502.

The directors say 1980 has started badly for papermaking and in common with mills throughout the country the group has found that the market has recently turned flat.

Despite the adverse trading conditions under which the industry is now operating, substantial plant and process modernisation has been effected.

In the board's continuing efforts towards greater productivity, the accent is now more than ever on improved quality and labour saving rather than on sheer volume of output.

• comment

The problems of running a low margin business in the teeth of Russian import penetration have proved too much for the Christmas card operations of East Lancs. Paper's subsidiary Waldorf. The rationalisation will not be cheap—this year's extraordinary items represent only part of the cost. But with losses of perhaps £400,000 at Waldorf last year, up tenfold from 1978, the case for closure is clear. The modest rise in group profits indicates that other divisions have had a good year, while attributable earnings are flattered by stock appreciation relief. Outlook for the current year is, however, clouded by higher pulp prices squeezing margins. If East Lancs. can maintain profits in other sectors while thrusting off Waldorf losses, it should be in line for £2m pre-tax. Which at 67p, up 1p, points to a prospective fully-taxed p/e of 3.6 with the historic yield at 11 per cent.

Lonrho holders likely to approve capital increase

BY CHRISTINE MOIR

MR. TINY ROWLAND, chief executive of Lonrho, the international trading conglomerate, is likely to get the increase in capital which he wants shareholders to authorise at today's noontide annual meeting. However, he may meet stronger opposition over the resolutions which would give the executive freedom to do what they liked with the half share he controls in the Nyaschere copper mine in Rhodesia.

Gulf Fisheries, the Kuwait-controlled company which owns *21 per cent of Lonrho*, has let *it* be known that it is opposed to the recommended 12 per cent increase in the authorised capital. However, it is unlikely to press for a vote on the issue, and will probably restrict itself to a statement outlining its belief that the company has issued too much paper already in recent takeovers.

Where Gulf is likely to press for a vote is over the question of the half share in the Nyaschere copper mine. Gulf believes that no decision should be made about the mine until the dust settles after the Rhodesian elections. Since Mr. Rowland, as an interested party, cannot vote on this issue, Gulf may ask for a poll on the resolutions concerning this.

A company wholly owned by Mr. Rowland has acquired 600,000 ordinary shares in Lonrho which represents 0.28 per cent of the issued share capital. An average of 91.5p per share was paid for the holding. Together with the 26.6m shares which Mr. Rowland is already interested in, including the voting rights which he controls over the 5m shares held by Mr. Daniel K. Ludwig, Mr. Rowland's total holding is 32.2m shares, representing 14.9 per cent of the issued capital.

A$60m ICI Australia debenture

ICI AUSTRALIA is to make an A$60m (£29.6m) debenture issue, with maturities ranging from six to 20 years.

The six-year bonds will carry a 12 per cent coupon, nine years 12.2 per cent, 12 years 12.3 per cent, and 15 and 20 years 12.45 per cent.

Proceeds of the issue, underwritten by Bain and Company, will be used to finance capital investment and associated working capital.

The company is reserving the right to limit applications for the six-year bonds to A$20m, and over-subscriptions will not be accepted — Reuter.

Cheque books at Hill Samuel

NEW Hill Samuel offices in Booth Street, Manchester, will offer lending and retail banking facilities with cheque books from Monday, as well as traditional financial advisory services.

The introduction of a ground floor banking hall follows similar developments in London, Birmingham, Bristol and Glasgow.

Newey Grp. recovers to £0.24m.

A TURNROUND from losses of £396,040 to a pre-tax surplus of £243,170 is reported by Newey Group, smallware manufacturer, for the year to December 31, 1979. At midway, losses were reduced from £395,000 to £83,000.

But the board warns that the persistent decline in volume in established markets will make continuation of this trend more difficult in the future.

The profit was generated primarily by overseas subsidiaries and by exceptional credits which arose in the UK. But the home companies, in particular Newey Goodman, have also shown a substantial turnround, resulting in a much reduced trading loss.

Trading margins generally improved as a result of better production efficiency both in the UK and Malaysia.

The surplus is struck after interest charges up from £357,322 to £503,159 and includes an exceptional credit of £220,093 (£305,100). Tax takes £27,283 (£25,069) and there is an extraordinary debit of £71,671 (£94,823). Earnings per £1 share are shown as 8.2p (17.8p less). There is again no dividend.

Turnover for the year improved from £13.49m to £15.27m.

The group is a wholly owned subsidiary of William Prym-Werke KG.

Nelson David sees good profit in tough year

For the six months to September 30, 1979, pre-tax profits of Nelson David, vehicle retailing and repair group, rose from £48,000 to £84,000 and the directors are optimistic that profits for the full year will not be less than the record £169,000 of 1978-1979.

But the Board warns that as usual there was a significant downturn in the third quarter and the latter part of the year will inevitably be adversely affected by the current high interest rates.

Also companies in South Wales which still account for almost two-thirds of group turnover are now beginning to suffer from the effect of the steel strike on the local economy.

The directors consider it an urgent priority to widen the geographical spread of outlets to reduce dependence on the South Wales economy and are making every effort to find suitable profitable motor businesses to acquire.

First-half turnover amounted to £4.95m against £4.2m. Profit is after interest of £88,000 (£56,000) and the tax charge is £44,000 (£25,000).

Stated earnings per share are 0.7p (0.4p). Again there is no interim dividend—last year's payment was 0.8p.

Although a provision has been made, no corporation tax was payable on profits for the year to March 31, 1979, and the Board considers that due to the availability of stock relief and losses brought forward, it is unlikely that corporation tax will become payable in respect of the current year.

Natl. Mutual increases bonus rates

A substantial increase in its interim reversionary bonus rates for 1980 has been made by National Mutual Life Assurance Society.

The rates on life policies and the personal and discretionary pensions plans are all improved by 20p to £4.50 per cent on life contracts and £5.60 per cent on pension plans, the rates relating to the basic benefit and attaching bonuses.

On the group pension contracts, rates are increased by 10p to £6.30 per cent for controlled funding and £4.20 per cent for premium funding.

Mr. Dale Sumner, the managing director of the Society, stated that the company was passing on the full benefit of the significant increase in the yield earned on its fund.

These new rates apply as from January 1, and all claims already paid are being adjusted to allow for this increase.

However, the Society is keeping its final bonus rate, paid on death or maturity claims, unchanged at 30 per cent of attaching bonus.

This rate was cut in December, the next review will be at mid-year. On the personal and discretionary pension plans, the rate *is 6 per cent* of attaching bonuses for each year in force with a maximum of 30 per cent.

Selebi-Phikwe seeks debt rescheduling

BY QUENTIN PEEL IN JOHANNESBURG

BAMANGWATO CONCESSIONS, the operator of the trouble-plagued Selebi-Phikwe copper-nickel mine in Botswana, in which both *Anglo American* and Amax have a large interest, is nearing finalisation of a major rescheduling of its outstanding debt.

The negotiations with international lenders—the West German Kreditanstalt für Wiederaufbau, Chase Manhattan Bank and Barclays Bank—the South African Industrial Development Corporation, the Botswana Government, and the major shareholders, are the second effort in two years to ease the overwhelming debt burden on the mine.

Selebi-Phikwe has been hit variously by poor metal prices, metallurgical difficulties and problems with the smelter, continuing heavy capital costs, and most recently a prolonged strike at the Amax refinery at Port Nickel, Louisiana.

With an accumulated deficit of Pula 63.8m (£35.4m) at June last year, Dr. G. K. Chiepe, the Botswana Mines Minister, announced in Parliament recently that the mine was running the risk of closure because of its loan burden.

Anglo American and Amax each hold 30 per cent of Botswana Rst, which in turn owns 85 per cent of Bamangwato Concessions, the balance belonging to the Botswana Government. Apart from the international banks both mining companies have provided substantial loans, and in the March, 1978 renegotiation of the debt, agreed to convert a large proportion, some Pula 75m, into cumulative preference shares.

The latest effort to defer repayments comes on top of bridging finance provided by the mining houses to tide the mine over the effects of the refinery strike in the U.S., which lasted from September to February.

A spokesman for Anglo American in Johannesburg said the mine was in "a very difficult financial situation," and it was of "great importance that these negotiations are concluded as soon as possible."

It is understood that the Botswana Government has agreed to a deferment of its royalties from the mine, and that all creditors will receive their full interest payments. Repayment of principal will be deferred to *1983*, unless the cash position improves before then.

Apart from improving metal prices, the company is looking to improved efficiency, and an increase in output above the present 40,000 tonnes of matte, to put its finances right.

It was already showing an operating profit for the six months to June last year of some Pula 6.7m (£3.7m), but this became a loss of Pula 10.3m (£5.7m) after deduction of interest and fees.

Phase two of the mine, the shaft at Selebi, has recently come into production, and work has begun on the No. 3 shaft at Phikwe.

The Botswana RST results for 1979 are expected to be published shortly.

GOLD AND BASE PROFITS RISE

Gold and Base Metal Mines yesterday announced after tax profits of £113,200 for the six *months to June 1979*, compared with £71,832 for the same period of 1978.

The company has a Nigerian mining subsidiary and holds a portfolio of UK investments. But it is still waiting to finalise the sale of 60 per cent of the subsidiary to the Nigerian Mining Corporation, in accordance with Nigerian law. Discussions continue on the terms of the sale.

There have been no further firm developments, the company said. Until the question is resolved and outstanding dividends declared by the subsidiary have been received—*in addition* to the proceeds of the sale—Gold and Base, as it stated last October, cannot define the development of activities in the UK.

INCOME CLIMBS AT ANAMINT

Anglo American Investment Trust, a subsidiary of Anglo American Corporation, estimates that its net income for the year to March will be R90.9m (£50.3m), compared with R79.3m the previous year.

The Trust's main income comes from diamonds and specifically its 26 per cent *interest in* ***De Beers Consolidated Mines***. It is part of the mechanism used to hold together the Anglo American-De Beers complex of companies in South Africa.

A final dividend of 630 cents (349p) has been declared, bringing payments for the year soon to finish to 860 cents, compared with 750 cents in 1978-79.

High dividend from Harmony

HARMONY GOLD MINING, the Barlow Rand group's producer in the Orange Free State, yesterday declared a final dividend of 165 cents (91.4p) for the year to June, considerably higher than some analysts had predicted and nearly double what the company thought would be possible last September.

The declaration brings payments for the year to 250 cents compared with 90 cents for 1978-1979.

Although *Harmony* expected the bullion price to rise, it was caught out by the speed of the climb in the months to January.

The dividend declaration came after the close of trading yesterday. The shares were weaker in line with the rest of the market, closing 62p lower at 831p.

RHODESIAN MINES

Falcon Mines and Coronation Syndicate declared sharply increased interim dividends yesterday, the first payment announcements since the Rhodesian election result last week.

Falcon, the gold producer, is to pay an interim of 150 cents (103p), compared with an interim at this time last year of 40 cents and total payments of 100 cents for the year to September, 1979.

Coronation, with gold and copper interests in Rhodesia, is paying an interim of 30 South African cents (16.6p), compared with an interim last year of 14 cents and total payments for the year to September, 1979 of 54

NORTH AMERICAN NEWS

McCormick chief unhappy over Sandoz bid letter

BY DAVID LASCELLES IN NEW YORK

A TUSSLE is developing over the $420m bid by Sandoz, the Swiss chemicals and food company, for McCormick, the large U.S. manufacturer of spices. Saodoz made its approach earlier this week, but McCormick stressed its desire to stay independent.

Mr. Harry K. Wells, McCormick's chairman, said yesterday that he took "strong exeception" to parts of a letter received on Wednesday from Dr. Yves Dunant, Sandoz's chairman. The letter suggested that Sandoz's $37 a share bid might not get a fair evaluation by McCormick's hoard because all its meobers are company employees.

In a reply sent yesterday, Mr. Wells retorted that Sandoz's bid would be "coosldered on its merits" at the next board meeting, wbich has been postponed from today until March 17 to allow the directors more time to consider the proposal.

John Wicks in Zurich adds: Although McCormick's rejection of the offer appears categorical, Saodoz would not necessarily insist on the takeover terms as currently proposed. The Swiss company has now released the text of the initial proposal, which was made to Mr. Wells on March 4. This states that Sandoz would be willing to consider alternative forms of transaction and "special requirements of individuals who hold options to acqulre McCormick stock."

At present, Sandoz cao do nothing else, owing to the fact that a majority of holders of voling shares is understood to oppose a takeover. More than 80 per cent of the stock is held by non-voting shareholders (including Sandoz itself, with a atake of 4.8 per cent), while most of the voting shares are in family hands, with minorities held by management and a profit-sharing fuod.

The acquisition of McCormick would give a substantial boost to Sandoz group operations in the U.S., wbich last year probably had sales of more than SwFr 1bn ($578m). The group bas 11 aubsidiaries and affiliates in the U.S., its biggest single national market.

ITT profit down 42% on year

BY OUR NEW YORK STAFF

INTERNATIONAL Telepbone and Telegraph, the large communications group, reports a aharp drop in 1979 earnings.

Net income for the year was $381m, equal to $2.65 a share, down 42 per cent on 1978's $662m or $4.66 a share. Sales aod revenues for the year totalled $22bn, up 13 per cent.

In the final quarter of 1979, ITT earned $152m or $1.05 a share, compared with $181m or $1.27 a share in tbe same quarter of 1978. Revenue was $6.6bn, up from $5.7bn. ITT said currency fluctuations had reduced fourth-quarter earnings by $25m, or 20 cents a share.

The 1979 figures include a $320m write-off, equivalent to $2.32 a sbare, on ITT's pulp mill in Port Cartier, Quebec, which was closed down last September. The mill had been dogged by problems and failed to become economic.

Good first quarter forecast by CPI

By John Makinson

CANADIAN PACIFIC Investments, the holding company for the noo-transport interests of the Canadian Pacific group, is expecting excellent first quarter results, primarily because of rises io the price of oil and metals. The forest products division should also show a strong improvement.

In addition to higher trading profits, CPI will benefit from the aale of its 13.4 per cent in MacMillan Bloedel, the forest products company which it attempted to take over earlier this year. Tbe profit on the sale will be around C$13m, according to Mr. Iao Sinclair, CPI's chairman and chief executive officer.

The group plans to apply some of these profits to acquiaitions in the agri-products and financial aector. Agri-products cover a spectrum which includes feed mills and grain elevators. In the financial sphere, CPI is examining institutions involved in mortgage banking as well as the savinga aector. Mr. Sinclair expects to make two purchases, one of them of major proportions.

Simpsons-Sears set for growth

Now that a long-standing trading agreement has expired, Simpsons-Sears is free to expand on a broad front, writes ROBERT GIBBENS in Montreal

SIMPSONS-SEARS, the fastest-growing major merchandising chain in Canada in the past decade, is now free to compete in the main downtown city areas. Hitherto, the company has concentrated its efforts in the suburbs and new shopping centres because of a loog-standing agreement witb Simpsons, the more traditional department store group which is now owned by Hudson's Bay.

As a result of that takeover nearly two years ago, the Bay owns 44 per cent of Simpsons-Sears, which in the latest year had sales of C$2.6bn and earned C$67.9m or 85 cents per sbare. However, the Bay bas agreed that this investment in Simpsons-Sears will be passive, and at some point in the futura it will probably be sold.

Meanwhile, the old agreement with Simpsons has run out, and the commercial links between Simpsons and Simpsons-Sears are being severed. Tbe largest single holding in Simpsons-Sears, almost 50 per cent, is held by Sears Roebuck of Cbicago. Before long, the Simpsons-Sears name will be changed to Sears and all the stores will be known by that name.

In tbe short term, Simpsons-Sears will go slow on expanding into the city areas of Toronto and Montreal because of saturation in those two markets. New stores, though, are due to open shortly in London, Ontario, Regina, Saskatchewan, and Halifax, Nova Scotia. The company plans to opeo five or six stores yearly across Canada.

Simpsons-Sears bas specialised for a long time in consumer appliances and has a major share of the nationwide market, although it has been building its image strongly as a full departmeot store chain.

It also has tbe largest mail order merchandising operation in Canada, having absorbed the smaller T. Eaton operation several years ago.

About 40 per cent of Simpsons-Sears' sales oow come from western Canada, the fastest growing area of the country, and this will tend to cushion any stagnation in Ontario and Quebec wbere growth is lagging and population steady. Its mail order and catalogue busioess is expected to continue steady growth.

Last year, profit rose by 16 per cent on a sales gain of just under 10 per cent, slightly lower than the national retail average, but the company says that it concentrated more on profitability than on expanding volume further.

OECD FINANCIAL MARKET TRENDS

Cuts in new bond issues expected

BY PETER MONTAGNON

TOTAL NEW borrowing on the international capital markets is expected to fall this year to between $105bn and $110bn, from $115bn in 1979. This is stated by the Organisation for Economic Cooperation and Development (OECD) in its latest report on Financial Market Trends.

The decline, which will still leave activity above its $101bn level in 1978, will probably reflect a significant reduction in oew international bond issues. These are expected to fall by about $7bn to $30bn.

By contrast, activity in the syndicated loan market should hold up well, with new borrowings not much different from the $78bn raised in 1979, the OECD says.

None the less, the overall slowdnwn in activity seems somewhat aurprising wben set against the sbarply higher current account payments deficits expected for all categories of oil-importing countries this year.

Indeed, with their deficit roughly doubling to a total of about $65bn this year, OECD countries are likely to step up their borrowing hoth in absolute terms and in terms of their relative sbare of the market.

The developing countries also face higher payments deficits, put at an aggregate $50bn compared with $32bn in 1979, but their situation is made easier by the fact that their total net external financing last year was some $8bn bigher than the current account deficit.

Consequently, they should be able to reduce gross new borrowing by drawing an undisbursed credit commitments amounting to $49bn in mid-1979, as well as running down their still ample foreign exchange reserves.

Moreover, the OECD points out that last year tbe IMF did not act as a net lender of funds, a situation which could cbange as the burden of the current account deficits increases.

In many instances, it says, IMF lending will promote adjustment policies that in turn may reduce the projected financing needs of the countries concerned.

Such a develnpment would be welcome for another reason, too. In a special feature on the access of developing countries to international capital markets, the OECD draws attention to the "over-zealous eagerness" of hanks to expand their lending to developing countries beyond their capacity to absorb new funds.

"In some cases, this ready availability of bank credit has permitted countries to postpone adjustment policies which ... would have put these countries in a better position to deal with the current round of oil price increases," it says.

Meanwhile, the OECD reckons that there is little prospect of a general hardening of spreads on syndicated loan business. International banks will again have to recycle a predominant part of the OPEC surplus. With domestic credit policies restrictive in most OECD countries, this will push the international market to the fore at a time when total credit demand is declining.

Thus prime borrowers are likely to continue to obtain funds on very fine terms, although there is likely to be a widening of spreads for lnwer-rated borrowers as the banks become more prudent.

Even so, the report tends to downplay the dangers of country risks in lending. It says that in mid-1979, the net position of international banks towards non-oil exporting developing countries was entirely accounted for by net lending to Brazil, Mexico, the Philippines and South Korea. Banks had virtually no aggregate net exposure vis-a-vis other countries.

A further point the report makes on developing countries is that there is considerable unexploited potential for them to raise funds through bond issues, which last year accounted for 8.1 per cent of their total borrowing and 15.8 per cent of total external bond activity.

But it points out that increasing these shares would require a considerable amount of financial innovation. This would require time, and, given the present state of international bond markets, there is not much immediate prospect of change.

Indeed, its projection for lower new issue activity in international bond markets this year is based on the unsettled conditions in these markets, which it says are likely to continue.

Korean Bank Eurocredit now $500m

By Our Euromarkets Staff

THE KOREAN Exchange Bank is raising the amount of its current Eurocredit for the second time, bringing the total amount to $500m compared with $300m when it was originally announced.

The eight-year credit, which carries a apread of ⅜ point for the first tbree years and ⅞ point tbereafter, is widely regarded as a benchmark for Korean borrowing, as it is the first major Government loan since the assassination of Park Chung Hee, South Korea's President, last October.

It is being managed by Bank of America, Chase Manhattan, Lloyds Bank International and Morgan Guaranty.

Bankers said that subscriptions to the loan in fact exceeded $500m, and it bas been decided to cut them back.

Andean Bank seeks $50m

By Our Euromarkets Staff

THE CORPORACION Andina de Fomento (Andean Development Bank) is seeking a $50m, five-year Eurocredit with a spread of ⅞ per ceot throughout, to refinance a borrowing arranged in 1977 with a spread of 1½ per ceot that is being repaid early.

The oew loan will have a single drawdown, anticipated in May, and repaymeots will be semi-annual and begin six months later.

Managers of the loan are Scandinavian Bank, Crédit Commercial de France, Eulabank and Banque Européenne de Credit.

The previous loan, which had a seven-year life, was managed by Bank of America, Manufacturers Hanover, Westdeutsche Landesbank and Bank of Tokyo.

Comex plans to absorb ACE

By Our New York Staff

THE NEW YORK Commodity Exchange, usually known as Comex, is to absorb its small and ailing rival, tbe American Commodity Exchange (ACE). The combination ends mounting apeculation about the future of the ACE, which bad been trying to find a rescuer for some months.

The ACE is a subsidiary of the American Stock Exchange, the second largest stock exchange in the U.S., based in New York. It was set up only 18 months ago to trade in financial futures—the newly fashionable instruments that enable investors to hedge against changes in interest rates.

But the ACE was competing with much stronger markets in Chicago and with the Comex, and tbe venture never really got off the ground. Turnover bas steadily dwindled, and many contracts have become moribund.

New president for Sears

By Stewart Fleming in New York

SEARS ROEBUCK, the largest U.S. retail stores chain, bas appointed Mr. Edward A. Brennan president, a move seen as a further indication that the company may be planning to restructure its organisation.

Mr. Brennen (46) will replace Mr. A. Dean Swift (61), who is retiring four years hefore the mandatory age after 40 years with the company.

Ford acquitted

Ford Motor was acquitted of charges of reckless homicide in the deaths of three teenage girls killed in a Pinto car accident in 1978, Reuter reports from Yinamac. It was in the first criminal case against a major U.S. company over safety standards.

Sanyo Electric issue price dips

BY OUR EUROMARKETS STAFF

THE FIRST EVER public convertible issue by a Japanese borrower on the Swiss franc market plunged yesterday when it opened in secondary market trading. The bond, a 5¼ per cent SwFr 100m issue by Sanyo Electric, was quoted at 92¾, down, more than seven points on its par issue price.

Dealers said that the market thus remains very vulnerable, and the major banks are continuing tbeir policy of withholding new issues, although there is now a new private placement in the market for IBM's subsidiary IBM World Trade Corporation. This is a SwFr 100m, six-year issue with a coupon of 6 per cent and par issue price. It is managed jointly by the country's three major banks, and is understood to have had a good receptinn.

Overall, secondary market prices were narrowly mixed yesterday, with final average losses of ⅛ point.

Prices in the Deutsche-Mark sector were up about half a point, but dealers said that there was no real follow-through reaction to measures taken by the Bundesbank to encourage capital flows. After opening on a firm note in an extension of yesterday's tone, the market turned hesitant in the afternoon when the dollar rose over DM 1.82 on foreign exchange markets.

Dollar/Eurobonds had a fairly quiet day yesterday, with average losses of ⅛ point. The market appears to be holding its breath ahead of the economic package due shortly from the U.S.

Institutional investors particularly are now on the sidelines, and a markedly lower volume overall also prompted some dealers yesterday to suggest that professionals too have already set their positions in anticipation of the package.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	79⅝	79⅞	+0⅛	+1	14.10
Alex Howden XW 9½ 91	30	†70	72	0	0	14.97
Australian Res. 9⅞ 84	30	84⅝	85⅛	−0⅛	+0⅛	14.47
Avco O/S Cap. 10¼ 87	40	†76½	78	0	+2¼	15.74
Beneficial Fin. 9¼ 87	100	79¾	80¼	−0⅜	+0⅞	14.29
CECA Grad. Rate 12 86	100	89½	89¾	+0¼	−0⅞	14.87
CECA 11⅝ 90	50	83½	84½	−0½	−0⅝	14.79
Canadian Pacific 9¾ 89	50	80¼	80¾	−0½	+1⅞	13.60
Carter Hawley 9¾ 86	50	81¼	81¾	−0⅝	+1	14.37
Comalco Inv. E. 10¼ 91	40	78⅛	78⅝	−0⅛	+0½	14.15
Continental Grp 9⅛ 86	100	81⅛	81⅝	−0⅛	+1	14.19
Dome Petroleum 10 94	50	75½	76	−0¼	+1⅛	13.98
Dominion Bridge 10¼ 84	30	87½	88	−0⅛	+0⅛	14.24
EIB 11¾ 92	80	83⅞	84⅜	−0⅛	+1⅛	14.63
[illegible] 81	100	†81⅜	82⅜	−0⅛	+1	14.82
[illegible] 15 99	100	†72½	74½	+0⅝	+0¼	14.72
[illegible]erfin 11¼ 87	50	87⅜	88⅛	0	+0⅝	14.10
Export Dv. Cpn. 9⅝ 84	100	84½	85	−0⅛	+0⅝	14.57
Export Dv. Cpn. 9⅜ 84	150	84¾	85¼	−0⅜	+0¼	14.49
Finland 9⅝ 89	100	76	76½	−0⅞	+1¼	14.83
GTE Finance 9⅜ 89	55	78¾	79¼	+0⅛	+1½	13.89
[illegible] 9¼ 86	100	80¾	81¼	−0¼	+0½	13.97
GMAC O/S Fin. 11 84	100	89⅝	90⅛	+0⅛	+0⅞	14.02
Gould Int. Fin. 9⅝ 85	50	84	84½	−0⅛	+0⅛	14.40
ITT Antillea 9½ 89	75	76	76½	+0⅛	+1⅛	14.30
Kennecott Int. 9½ 86	100	79⅜	79⅞	−0⅜	+1⅛	14.72
Manitoba 9½ 89	75	77⅞	78⅜	−0¼	+0½	13.97
Michelin 10 94	125	72½	73	−0¼	+0⅜	14.60
Nat. Des. Telecm. 9½ 86	100	81⅜	81⅞	−0⅛	+1	14.11
New Brunswick 9¾ 94	75	73⅞	74⅜	−0¼	+0⅞	14.08
Newfoundland 10 94	50	75⅞	76⅜	−0¼	+2⅞	13.97
Norges Komm. 9⅞ 99	100	†72	72½	+0⅛	+1	14.57
Norway 9½ 84	150	85⅛	85⅝	−0½	+0½	14.41
Nova Scotia Pwr. 9⅞ 89	50	78⅞	79⅜	−0⅜	+2	13.89
Occidental Fin. 10⅛ 84	50	86	86½	0	0	14.82
Orient Leasing 9½ 86	25	78⅝	79	+0⅜	+0⅛	14.93
Pennwalt O/S F. 9⅜ 84	25	84½	85	−0⅛	+0⅜	14.83
Pepsico Cap. 9¼ 84	100	85	85½	−0⅛	−0⅛	14.38
Quebec Hydro 10 99	75	72⅝	73⅛	0	+2⅞	14.13
Sears Roebuck 9 82	150	89⅞	90⅜	−0⅛	+0⅜	15.28
Statoil 9⅜ 89	100	78⅝	79⅛	+0⅜	+1¼	13.79
Sweden 9⅛ 89	100	79⅜	79⅞	+0¼	+1½	13.85
Sweden 9⅜ 85	200	81⅜	81⅞	−0⅛	−0⅜	14.62
Sweden 9⅜ 84	100	85⅛	85⅝	−0⅛	+0⅜	14.39
Unilever NV 9¼ 87	100	79¼	79¾	−0⅜	+1¼	13.95
Warner-Lambert 9 84	100	83⅞	84⅜	−0¼	+0¼	14.22

Average price changes... On day −0⅛ on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	93⅛	94⅛	+0⅜	−0⅞	9.18
Asian Dev. Bk. 7¾ 89	100	83⅜	84	+0⅛	−2⅛	10.01
Australia 8½ 90	250	96⅜	97½	0	−1⅛	8.62
Barclays O'seas 6¾ 89	100	82	82¾	−0⅜	−0⅜	9.74
CECA 7¾ 87	100	91	91½	+0½	+0⅜	8.54
CECA 8⅛ 86	100	87⅞	88⅞	+0⅜	+0⅛	8.62
Brazil 8 87	150	87⅜	88⅜	+1	+3	10.39
CECA 7 81	150	84⅝	85⅛	+0⅛	−1⅛	8.21
Council of Eur. 7¼ 89	100	81⅛	87⅛	+0⅜	−1⅛	8.34
Denmark 7⅞ 86	100	91⅛	92⅛	+0¼	+0⅛	8.78
Denmark 8¼ 92	100	90⅛	91	+0¼	−0⅛	9.60
EEC 7⅞ 94	225	88⅛	88⅞	+0⅛	+0⅜	8.34
EIB 7½ 89	200	87⅛	87⅞	+0¼	−0⅛	8.59
Finland Rep. of 8 86	150	92	92⅞	+1½	+1⅛	9.57
Kobe, City of 7½ 89	150	83⅞	84⅜	+0½	0	8.76
Neder Gasunie 8 88	100	93⅛	94	+1⅛	+1⅛	8.30
New Zealand 7½ 87	200	86⅛	86⅞	+0⅞	−1	9.73
Norges Komm. 7⅞ 91	150	88⅛	89¼	+0⅛	−0½	8.38
Norway 7½ 85	250	92½	93⅛	+0⅛	+0⅜	8.39
OKB 8 87	40	83	83⅜	−0⅛	−2⅛	8.38
OKB 7⅛ 88	100	84½	85¼	−0⅛	−1⅛	9.88
World Bank 7¾ 91	400	86⅜	87⅛	+0⅛	−0⅜	9.68
World Bank 7⅞ 90	250	88⅞	89⅛	+0⅛	0	8.81

Average price changes... On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	84¼	84¾	+0¼	−0¼	7.95
Aumar 5 89	80	83¾	84¼	+3	+3½	7.44
Australia 3¾ 89	250	81¼	82¼	−0⅛	−2⅛	9.31
Bergen, City of 4¼ 91	40	82½	83	−0⅛	−2⅜	7.00
BNOE 5 89	75	78½	79	+0⅛	+1	8.35
BMW Overseas 4¼ 91	100	81¼	82	+0⅛	−2⅛	9.54
Caisse Nat. Tele 4¼ 89	100	84¼	84¾	+0⅛	−2½	6.67
Canada 3½ 89	300	81⅛	82	−0⅛	−1⅞	8.32
CCCE 5⅛ 90	100	96⅛	96⅝	−0⅛	+0⅛	8.25
Copenhagen 4½ 91	60	78½	79	−2⅛	−7½	7.28
Council of Eur. 5 89	100	84¼	84¾	+0⅛	−1⅛	7.28
EIB 4½ 91	100	79⅞	80⅛	+0⅛	−5¼	7.12
EIB 4⅝ 94	100	75⅝	76	−0⅛	−1⅛	7.09
Elec. de France 4⅛ 89	100	84½	85	−0⅛	−3⅞	9.60
GZB 4⅛ 89	100	81⅛	82	0	−1	9.91
Hilti 4½ 91	35	82¾	83¼	0	−1⅛	6.36
Int.-Amer. Dev. 4½ 89	100	79⅛	79¾	+1½	0	7.63
Jutland Tele. 5½ 90	50	91⅝	92⅛	−0⅛	−1⅛	6.64
Malaysia 5 89	80	84⅜	85	−0½	−1⅛	7.24
Nippon Tel. & T. 4⅝ 89	100	83	84	−0⅛	−2⅞	6.63
Nordic Bank 5 89	45	86	86⅜	−1	−3⅜	7.03
Norges Komm. 4⅜ 91	100	79⅛	79⅝	−0½	−3⅜	7.01
OKB 3¾ 91	100	73½	74	+0¼	−2½	7.30
OKB 4⅛ 91	100	79⅛	79⅝	−0½	−1	7.01
Oslo, City of 4⅛ 91	100	78	78½	−0⅛	−2½	7.20
Shikoku El. Pwr 4⅜ 89	100	84⅝	85⅛	+0⅛	−1⅛	6.97
Stewag 4⅜ 91	60	83	83½	+0¼	−1⅛	6.93
Voest-Alpine 4⅝ 89	90	83	83½	−0½	−1½	7.31
World Bank 4¾ 89	100	82	82½	0	−4⅝	7.29
World Bank 4⅝ 89	150	79⅝	80⅛	−0⅛	−1⅛	7.36
World Bank 4⅝ 91	100	81	81½	−0⅛	−2⅛	7.05

Average price changes... On day −0⅛ on week −2

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.9 83	30	82⅛	83⅛	−0⅛	−0⅞	11.58
Australia 6½ 89	20	76	77	0	−3⅜	10.89
EIB 7⅜ 89	12	85⅛	86⅛	−0⅛	−0⅞	10.17
Finland 5.6 83	10	81⅛	82⅛	+0⅛	−1⅛	11.85
Finland 8.8 88	10	79	80	0	−1	10.69

Average price changes On day −0⅛ on week −1⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¼ 86 C$	25	80¾	81¼	−0⅛	−0⅛	15.25
Bell Canada 10¼ 86 C$	80	86⅜	86⅞	0	0	14.22
Cr. Foncier 10¾ 94 C$	30	85	86	+0¼	−0¼	14.87
Ex. Dev. Con. 10 84 C$	50	85¾	86¼	+0¼	−1¼	14.89
Fst. Can. Inv. 10 94 C$	50	85¼	85¾	0	−1⅜	14.88
Hudson Bay 10½ 89 C$	60	78⅛	78⅞	−0⅛	−1⅞	14.97
Quebec 10¼ 86 C$	50	83	84½	+0½	+1½	14.42
R. Bk. Canada 10 86 C$	40	84½	85	−0⅛	+1	12.81
R. Bk. Canada 10 94 C$	40	74¾	75¼	−0⅛	+0⅛	14.15
Copenhagen 8¾ 91 EUA	20	89½	90½	0	−1⅞	10.23
M. Bk. Denmk. 9 91 EUA	25	92	93	−0½	−1¼	10.11
SOFTE 8½ 89 EUA	40	82	82¾	−0½	−2¼	11.47
U. Bk. Nrwy. 9½ 90 EUA	18	97⅝	98⅝	+0⅛	+0¼	9.78
Algemene Bk. 8⅛ 84 Fl	75	91¼	91⅞	−0⅛	−1⅛	10.66
Ned. Gasunie 8¾ 84 Fl	50	90	90½	−0⅛	−1⅛	11.78
Ned. Middbk. 9⅜ 84 Fl	75	91½	91½	+0½	−0⅝	11.00
Norway 8⅞ 84 Fl	100	91⅜	91⅞	−0½	−1	10.94
Norway 8⅞ 84 Fl	100	91⅝	92½	−0½	−0⅞	10.98
Philips Lamps 8⅞ 84 Fl	75	91½	92	+0½	−0⅞	10.98
Air France 11 84 FFr	120	89⅛	89⅞	+0⅛	−1	14.26
Euratom 9¾ 87 FFr	150	78⅞	79⅞	+0¼	+0¼	14.56
Finland 11 84 FFr	80	87½	88⅜	0	−0⅛	14.66
Finland 11½ 89 FFr	70	83⅞	84⅞	0	−2¼	14.62
Gaz de France 11 84 FFr	150	88⅝	89½	+0⅛	−1½	14.22
IBM France 11⅞ 84 FFr	120	89⅞	91	−0⅜	−1⅜	14.78
Renault 9¾ 85 FFr	100	81⅜	82⅛	+0¼	−0⅜	14.84
Saint-Gobain 9⅜ 86 FFr	130	79⅞	80⅝	−0⅛	0	14.83
Solvay et Cie 9½ 87 FFr	125	78	78¾	0	0	14.87
Total Oil 9⅞ 87 FFr	150	77⅜	78⅛	0	−1	14.67
Citicorp O/S 13½ 90 £	50	89⅞	90⅜	+0⅜	+0⅜	15.07
EIB 11½ 91 £	25	79⅛	79⅞	+0⅜	+1⅜	15.42
Finance for Ind. 13 91 £	15	85⅞	86⅞	+0½	−0⅜	15.07
Fin. for Ind. 12½ 89 £	30	84⅜	85⅜	+0⅛	+0⅜	15.56
Gen. Elec. Co. 12½ 89 £	50	87⅛	87⅞	+1⅛	+0⅞	15.13
Indonesia 8¾ 81 KD	7	†93	93½	0	0	9.75
Mitsubishi 7½ 94 KD	10	†95⅛	95⅞	0	0	8.22
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.62
Occidental 8¾ 81 KD	7	†90⅛	90⅞	0	0	9.67
Akzo 9¼ 87 LuxFr	500	88¾	89½	−0⅜	−3⅜	11.68
Euratom 8 87 LuxFr	500	81	82	−0⅜	−4⅛	12.05
Euratom 9¾ 89 LuxFr	500	89⅞	90⅞	−1⅛	−4⅞	11.66
EIB 9¾ 89 LuxFr	600	92¾	93½	−0½	−2⅜	11.12
Volvo 8¾ 87 LuxFr	500	89⅞	90⅞	−0⅜	−4⅜	11.60

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅛ 87	0¼	97	97½	2/7	15⅛	15.55
Banco di Roma Int. 9 87	0¼	98⅝	99⅛	26/4	15⅜	15.93
Bank of Ireland 5⅜ 89	‡0¼	96⅝	97⅛	21/5	16⅜	16.66
Bank of Tokyo 5¾ 89	‡0⅛	96⅞	97⅜	25/4	14.56	14.99
Barclays O/S Inv. 5 90	0¼	96	96½	13/6	14⅜	14.81
Bergen Bk. A/S 6 89	‡0¼	96⅝	97⅛	28/5	17¼	17.87
Bque. Indo Suez 5¼ 89	0¼	96⅞	97⅜	11/7	14.69	15.12
Citicorp O/S F. 9 94	‡0¼	99⅛	99⅝	8/9	18.91	18.93
Citicorp O/S F. 83	§0	99	99½	23/5	15.06	16.18
Citicorp O/S F. 84	‡0	99¼	99⅞	30/5	15.94	17.00
Co-operative Bk. 5 86	0¼	97½	97¾	15/5	15.06	15.47
Creditanstalt 5½ 91	§0¼	98⅛	98⅞	14/9	18.44	18.68
CNT 5¼ 86	§0⅛	99⅛	99⅝	16/4	15.19	16.28
GZB 5½ 89	‡0¼	97⅛	97½	1/5	14⅛	15.02
Jugobanka 8 89	0⅞	92¾	93¼	23/5	15	17.25
Ind. Bank Japan 5¼ 87	0⅛	97½	98	15/4	14⅞	14.56
LTCB Japan 5⅞ 86	0¼	96⅝	96⅞	13/8	14⅜	14.76
LTCB Japan 5⅛ 89	0¼	96	96½	7/5	14.19	14.74
Mfrs. Han. O/S 5⅛ 94	‡0¼	98½	99	30/5	17⅛	17.34
Midland Intl. Fin. 5 89	0¼	98⅛	98⅝	20/6	15	15.25
Nacional Fin. 6¼ 86	0¼	96½	97	25/7	14.69	15.18
Nat. West. 5¼ 84	§0¼	97⅜	97⅞	11/4	14.94	15.30
Nippon Credit 6½ 86	0¼	96⅛	96⅝	12/7	14.44	14.98
Nippon Credit 5¼ 87	0¼	96⅝	97⅛	6/5	14.69	15.14
Royal Bk. Scot 5¼ 94	§0¼	98⅛	98⅝	11/4	14⅝	14.87
Soc. C. de Bque. 6½ 87	0⅛	96⅞	97⅜	3/4	13⅛	13.66
Soganal 5⅜ 89	§0⅛	96⅛	96⅝	13/7	14.44	14.94
Standard Chart. 5¼ 90	0¼	97⅝	98⅛	9/9	17⅜	17.56
Sweden 8½ 91	‡0¼	96⅞	97⅜	18/4	14.44	14.87
TVO Pwr. 9 91 (0-lock)	0⅛	95⅞	96⅜	24/5	15.31	15.87
Williams & Glyn 5¼ 91	0¼	97⅝	98⅛	14/6	18½	18.88
Bq. E. d'Alg. 4¾ 89 SF	0⅜	91	92	18/8	5.69	7.31

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7¾ 89	10/79	1469	111¼	112¼	+0½	−9.09
Ajinomoto 7⅛ 95	2/80	619	84⅛	85⅛	−1⅛	−0.17
Alco Int. Fin. 9½ 94	1/80	40	88¾	89½	−0⅛	23.10
Asahi Optical 7 94	11/79	605	76⅛	77¼	+0⅛	−0.24
Canon 6⅛ 94	8/79	570	92¾	93¾	−2¼	−0.18
Ciba-Geigy O/S F. 4 94	9/79	675	†71	73	−2½	8.17
Credit Suisse 4¾ 93	10/79	1325	90⅞	92⅞	−0⅛	−6.01
Daiei Inc 6½ 94	11/79	1020	89⅜	90⅜	−0⅛	30.70
Enserch Fin. 9½ 94	7/80	30.25	97⅛	98⅛	0	10.10
LPC Internatnl. 8 89	9/79	23.33	96	97¼	−0⅛	1.32
Meidensha Elec. 7 94	12/79	210	86⅛	87⅛	−0⅛	13.20
Mitsubishi Co 6½ 94	10/79	604	113¾	115	−0⅛	5.10
Nippon Seiko 7⅛ 94	12/79	339	94	95	+1⅛	−2.52
Nitto Elec. Ind 6 94	7/79	735	65	66	+0⅜	0.34
Toshiba Corp. 7⅛ 94	10/79	188	85¼	86¼	−0⅛	1.68
Union Bk. Switz. 5 89	2/80	125	90¼	92	+0⅛	−8.51
Fujitsu 5 94 DM	7/79	475	94⅞	95⅞	−0¼	8.89
Kansai Elec 4 84 DM	4/79	1234	79½	80½	−0¼	50.27
Tokyu Ld. Co. 4 86 DM	4/79	493	71⅞	72⅞	+0⅞	36.11
Uny Co. 6½ 85 DM	11/79	1071	87⅛	88⅛	+1	31.60

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

WEST GERMAN STEEL

Recovery in earnings at Thyssen

BY ROGER BOYES IN DUSSELDORF

THYSSEN, Europe's largest steel group, has recorded a aharp recovery in profits for the year ended September 1979 and expects a "satisfactory" outcome for the current 12 months.

Dr. Dielher Spethmann, Thyssen's chief executive, said that group net profits had risen to DM 167m ($92.4m) last year from DM 100m thanks to a strong revival in steel demand and to the performance of some key trading subsidiaries. Total sales rose by 8 per cent to DM 32.2bn with external salas also 8 per cent ahead at DM 25.4bn.

Despite production losses throngb last year's metal workars' strike, the crude steel division recorded a 7 per cent rise in sales to DM 7.8bn while special steels—aa with other German producers—registered an even more substantial jump of 15 per cent to DM 2.8bn. The trading division alao benefited from the high domestic and world demand for steel and sbowed a 16 per cent increase to DM 13.2bn.

However the fourth principal branch of the group — the capital goods and steel manufacturing division—recorded a drop of 2 per cent to DM 8.4bn.

Dr. Spethmann and other senior executives were none the less apprehensive about prospects. Demand for steel is beginning to seriously flag again and at the same time the problems that have afflicted the group over the past few years bave not really gone away, despite determined restructuring and diversification.

Some of Thyssen's difficulties are, of course, simply out of its control. For example, the main reason for the drop in turnover in the capital gooda division was tbe weakness of the dollar against the Deutscbe mark, a factor which badly hit Budd, Thyssen's U.S. manufacturing subsidiary. While Budd's sales increased hy 4 per cent to over $1.5bn, its sales in terms of Deutscbe marks amounted to DM 2.8bn which is some 8 per cent less on the 1977-78 figure.

There are sectoral factors at work too. Budd, which among other things produces automative stampings and frames, is beginning to suffer from its dependence on the declining fortunes of tha U.S. motor industry — although a newly announced supply components supply order with Ford might ease the problem a little.

Business has also remained difficult for some of the group's foundries and sales have declined ln the plastics machinery section and in the shipbuilding subsidiary, Thyssen Nordseewerke. Nonetheless, Nordseewerke is now the only Thyssen subsidiary operating short-time working—a significant achievement, given the atrains affecting the rest of tha industry.

Over tbe past week, two of Thyssen's major domestic rivals, Hoesch and Kloeckner, bave taken radical steps to drag themselves out of the red. Kloeckner announced a major capital reorganisation while Hoesch is to receive some DM 240m of government support.

This last development is of particular (though discreetly voiced) concern to Thyssen executives. There is a fear that if German companies start to think in terms of regular government support—the industry has consistently attacked the subsidies given to British, French and Itallan producers—this will fuel the suspicions of American steel producers. The already troubled relations between European and U.S. ateel producers could thus be further aggravated and the prospect of a transatlantic trade war edges that much closer.

Thyssen can afford a degree of complacency, if only because it bas made a profit through the steel crisis, thanks to early restructuring efforts and a broadly diversified product range.

Bankers warn over credit card growth

By Michael Lafferty in Monte Carlo

LEADING retail bankers issued warnings yesterday about the economic and political consequences of the proliferation of mass worldwide credit card systems.

Dr. Eckart van Hooven, head of retail banking at Germany's Deutsche Bank, said it was "a very risky business" for banks in countries with foreign exchange controls to furnish most of their private customers with internationally acceptible credit cards.

"Via this route, the existing foreign exchange control system will willy-nilly be provided with a set of loopholes, the protection of one's foreign exchange position will he undermined and, consequently, tbe authorities will be provoked into taking rigorous steps."

He predicted that this year's "gargantuan oil bill" will put extreme pressure on Europaan countries' reserves and foreign exchange accounts.

"The costs imposed upon our current accounts by foreign travelling will, in almost all European countries, most likely lead to restrictiona on foreign exchange."

He was speaking at the second world conference on international banking payment systems, organised by the European Financial Marketing Association.

Mr. Louis Gerstner, president of travel relations services at American Express, told the conference that the proliferation of bank credit cards was a leading contributor to the dangerous rise of uncontrolled consumer debt and inflation in the U.S."

He claimed that the credit card phenomenon had bene6ted hig banks at the expense of the smalelr ones. Mr. Gerstner added that the blg international hank card schemes, such as Visa and Matercharge, had peaked and were "taking on lives of their own."

"For example, instead of serving the Interests of their constituents, they have bypassed their constituents and made direct arrangements wlth retail establishments. So, In effect, they have been dictating policy as if they were independent entities.

Some of Mr. Gerstner's comments were seen by many bankers present as a ploy in the battle goiog on in international hanking payment systems with Europeao banks on the one hand comlog together to protect their market agalnst wbat they see as American dominance.

American Express is anxious o protect its share of the world travellers' cheque market and is seeking joint ventures wlth banks in Europe.

Montedison parent sees upturn

By Paul Betts in Rome

MONTEDISON SPA, the parent company of Italy's largest chemicals group, is expected next week to report a sbarp improvement in operating results for 1979.

After reporting losses of L509bn ($623m) ln 1977 and a deficit of some L250bn in 1978, the company's balance sbeet for the financial year ending last December is expected to break even.

In spite of the continuing losses of tbe parent company's Montefibre textiles fibres subsidiary and its stand department store network, Montedison saw a sharp recovery of its chemicals activities last year.

Sales revenues of the parent company Increased by 37 per cent to L4,000bn ($4.9bn) last year compared to 1978, while the group's consolidated turnover rose by 29 per cent to L6,700bn.

The group's traditionally hlgh level of indebtedness of some L2,600bn also increased by barely 1.6 per cent last year compared with an average of about 20 per cent between 1975 and 1977.

Those results reflect an *important* recovery in the *company's* chemicals activities after the introduction of the group's longer-term structural and financial recovery programme, which has included the sale of a number of fixed assets to raise urgently needed liquidity.

Swedish Match raises dividend

BY VICTOR KAYFETZ IN STOCKHOLM

RESTRUCTURING measures were the main factor behind a 53 per cent increase in the operating profit of the Swedish Match group, from SKr 194m in 1978 to SKr 296m ($69m) last year, the preliminary report states.

The proposed dividend is SKr 6 a share, up from SKr 5, for a payment totalling SKr 49m. Earnings a share rose from SKr 5.80 to SKr 11.40.

Sales rose just over 10 per cent to SKr 5.91bn ($1.38bn), with foreign markats accounting for 67 per cent, against 69 per cent in 1978. Net losses on financial ltems were cut hy SKr 8m in spite of bigher interest rates, due to improved 6nancial management and reduced foreign exchange losses. As a result pre-tax profits rose from SKr 98m to SKr 208m.

Extraordinary items gave a net surplus of SKr 20m, against a loss of SKr 94m in 1978. Profit before appropriations thus rose from SKr 4m to SKr 228m. Consolidated net profit last year was SKr 33m, against a 1978 loss of SKr 57m.

"Continuing substantial improvement in the operating result is probable, provided that economic conditions on our most important markets do not decline sharply." But company acquisitions in 1979 and high interest rates will increase net losses on financial items, Swedisb Match says.

Mr. Gunnar Dahlsten, managing director, adds that under favourable conditions an operating profit of roughly SKr 450m a year ls possible within three years.

The Katrinefors division, wbich makes hoard products, interior fittings, furniture and sports equipment, experienced a strong earnings upswing in the autumn, ending with a 1979 operating profit of SKr 65m, against SKr 29m in 1978. Sales rose nearly 10 per cent to SKr 2.07bn.

The matcb division's operating profit rose only SKr 1m to SKr 98m while sales rose less than 8 per cent to SKr 1.02bn. The packaging division doubled earnings to SKr 60m on sales of SKr 912m, up 15 per cent, while, ln the cardboard division, higher raw material costs caused earnings to drop from SKr 30m to SKr 17m on sales of SKr 337m, 8 per cent higher than in 1978.

Greek move by Dutch insurer

BY CHARLES BATCHELOR IN AMSTERDAM

NATIONALE NEDERLANDEN, the largest Dutch insurance company, has agreed to take over Proodos Hellenic Insurance and Reinsurance Company of Greece for ahont Fl 6.5m ($3.25m). It will acquire Proodos's capital fro mthe present family shareholders.

Proodos is the seventh largest Greek Insurance company, with gross 1979 premium income of of Drachmae 455m ($11.5m) and total liable assets of Drachmae 78m. It sells life and non-life business and operates through agents although it has its own staff of 100 or so.

The final purchase price will be determined on April 1 on the basis of a "thorough assessment" of its financial reserves, as is the usual practice, Nationala Nederlanden (NN) said. Proodos is a fairly small company but is described as a good starting point for expanding in the Greek markat.

NN has been expanding rapidly abroad in recent years, acquiring Life of Georgia in the U.S. for Fl 700m last year. It made net profits of Fl 127m ($65m) in the first half of 1979 on turnover of Fl 3.3bn

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BROADLY maintained profits on modestly higber sales were anoounced yesterday by Dutch construction group, Hollandsche Beton Groep.

Net earnings were Fl 57.1m ($29m) ln 1979 compared to Fl 56.3m a year earlier after a sales rise to Fl 2.82bn ($1.5hn) from Fl 2.48bn, a gain of 14 per cent.

HBG is maintaing its dividend. The interim payment was held at Fl 1 a share and the final is to be Fl 6 plus a tax-free bonus of one sbare for every 30 beld, both amounts being unchanged.

Earnings each share on Increased capital were Fl 23.9, compared to Fl 24.4. Cash flow per share was Fl 59.6, against Fl 52.0. Orders on hand at the year-end totalled Fl 2.8bn.

* * *

DUTCH domestic bond prices eased yesterday morning, with the new 11.5 per cent Government isue quoted around par, compared with tbe 100.5 per cent minimum tender price, writes Reuter from Amsterdam.

Prospects of higb state capital market demand and firm dollar interest rates undld the initial stabilisiog effect of the successful state loan tender, which attracted recent applicants of Fls 1bn, with buying interest minimal, leaders sald.

Finance Minister Alphons van der Stee announced that tbe Dutch Government would seek to limit its monetary financing through a sufficiently large capital market demand.

Scandinavian hydro turbine merger

By William Dullforce in Stockholm

BOFORS of Sweden and Tampella of Finland are merging their hydro turhine operations and making a bid to penetrate the U.S. market.

Bofors' aubsidiary, Nohab, and Tampella are each taking a half sbare in a new company, Nohab-Tampella, which will have an initial capital of SKr 15m ($3.5m).

Tampella last year took over James Leffel, Ohio, and already has a foot in the American market. Mr. Petar von Koakull, Tampella's marketing director, will be managing director of Nohab-Tampella, which will have its headquarters in Finland.

The new company will initially handle its parent companies' marketing and prodnct development but at a later stage will also be responsible for the manufacturing operations. It will be among the world's largest turbine makers covering tha full range from 30 kilowatt units for mini power stations to 500 megawatt macbines.

The U.S. has the least developed hydro electric capacity among the OECD countries, and in his last energy programme President Carter called for greater efforts to develop hydro power potential, Mr. von Koskull pointed out. There was also considerable development potential in South America and Asia.

Olivetti talks to EEC computer companies

BY RUPERT CORNWELL IN ROME

OLIVETTI, the leading Italian electronics and office equipment group, bas been bolding talks with St. Gobain-Point-a-Mousson and other EEC companies with computer interests. It flatly denied, however, reports that the French company was about to take a stake of np to 20 per cent in its capital.

The rumonrs have circulated here in recent daya and have helped ot fuel a sharp rise in the Ollvetti share price on the Milan Bourse.

But Olivetti officials In Ivrea last nigbt emphasised that the talks held lalely between Sig. Carlo de Benedetti, Olivetti managing director, and Mr. Roger Faroux, of St. Gobain had been in the framework of January's EEC initiative, launched hy Viscount Etienne Davignon, tha Industry Commissioner, in Brussels, aimed at strengthening the data-procesing sector in the community.

St. Gobain is involved in the sectro through its substantial indirect holding in the main French computer concero CII-Honeywell Bull.

Olivetti denied that St. *Gobain* might take a major equity stake at tha time of a planned capital increase hy the Italian group this year. The operation is expected to lift Olivetti capital by L100hn ($122m) from its present L107bn.

The more orthodox explanation of the recentspata of Milan buying is the sharp improvement in Olivetti results for 1979. Tha company is likely to report a useful operating profit and pay a dividend for the first time in five years.

Braun to expand through acquisitions

BY KEVIN DONE IN FRANKFURT

BRAUN, THE West German electrical appliance maker which is part of the U.S. Gillette group increased sales in the year ended September, 1979 by 6.3 per cent to DM 826m ($456m).

Almost three-quarters of Braun's turnover is derived from foreign markets, however, so its sales figures are depressed when expressed in Deutsche marks, because of the currency's strong performance last year on the foreign exchanges. Gillette owns 98.9 per cent of tha equity.

Dr. Paul Stern, chief executive of Braun said that the group had made the improvement of profitability the number one priority ahead of chasing further sales growth.

But be also indicated that the group was seeking to expand through acquisitions, whicb did not necessarily have to be in the electrical goods field. The more important criterion was that potential purchases should he showing annual growth rates of at least ten per cent.

Despite the heavy share of sales that comes from overseas, Braun is continuing to direct most of lts investmant towards West Germany. Capital expenditure this year should be around the DM 50m total reached in 1979, of wbich some 80 per cent will be spent in West Germany.

A number of new product linea were introduced last year and accounted for as mucb as 20 per cent of group sales. Braun has further expanded its range of electric razors, while also adding new products to its lines in alectrical kitchan appliances and hair care products.

Braun is still dapending for hi-fi sales on lts possession of a specialist nicbe at the top end of the market, but it is nevertheless feeling the strong competition from the Far East, wbich bas been further sharpened by the 30 per cent decline in tha valne of the Japanese Yen against the Deutsche mark since October 1978.

Earnings jump at IDB of Israel

By L. Daniel in Tel Aviv

NET PROFITS of the Industrial Development Bank of Israel, the main instrument for channelling local and foreign funds to industry, increased by 141 per cent to I£480.6m ($12.3m). The bank is increasing its allocation to reserves and distributing unchanged dividends of 8.25 per cent on three of its dollar-linked preferred shares, and of 7.50 per cent on a fourth series of dollar linked preferred. It has 20,000 shareholders abroad.

Both the number of loans approved in 1979 and loans extended, however, lagged substantially behind the rate of inflation. The new loans approved totalled I£5bn ($128m) for a rise of 43 per cent on 1878, and loans implemented came to I£2.9bn, up 60 per cent. This compares with an annual inflation rate of 111 per cent at mid-December.

New applications and the implementation of previous approvals was adversely affected by the Government's decision in mid-year to link such loans to the cost-of-living index.

Commenting on the state of industry, Mr. Abraham Friedman, the chairman reported that despite the reduction in the subsidies for development loans in 1979, after tax net profits in industry did not fall below the 1978 level, because of changes in fiscal policy. However, the profitability of exports declined by 2 per cent

Expansion continues for Arab Malaysian Bank

BY WONG SULONG IN KUALA LUMPUR

ARAB Malaysian Development Bank, one of the most active merchant banks in Malaysia, has reported another good year for 313, with pre-tax profits rising by 54 per cent to 5.1m ringgit ($2.3m), and total assets nearly doubling to just over 1bn ringgit.

The bank said it had had an active year, with deposits rising by 80 per cent to 804m ringgit, and loans up by 90 per cent to 858m ringgit.

An important achievement during the year was the bank's syndication of a 10 year U.S.$100m loan to the Malaysian Government for the first time in the Arab capital market, at a very fine rate of 0.5 per cent.

The bank also participated in the local money market, and from May when the central bank introduced bankers acceptances and negotiable certificates of deposit (CDs), to December, the bank recorded a turnover of 1.27bn ringgit in the accepetances, CDs, Government securities, and trade bills.

About 37 per cent of total income last year was derived from fee-based services — 7 per cent over the minimum requirement imposed by the central bank for all merchant banks to comply with by January 1982.

During the year, Arab Malaysian also increased its capital base substantially from 18.1m to 45.7m ringgit. Of this 15m ringgit came from an issue of unsecured subordinated loan notes, and 10m ringgit from a rights issue.

The bank's subsidiary, Arab Malaysian Finance Berhad, also reported good progress, with after tax profit rising from 0.5m ringgit to 1.38m ringgit.

* * *

THE strong demand for colour television sets in Malaysia has given a hefty boost to the performance of two electrical manufacturers, Roxy Electric Industries and Toshiba Malaysia.

Roxy, which manufactures and distributes products under licence from Sharp of Japan, reports a 33 per cent increase in pre-tax profit to 3.8m ringgit ($1.73m) for the year ended September 1979. Turnover rose by over 50 per cent.

Toshiba's results were even more impressive, with sales doubling to 20m ringgit, and pre-tax profits increasing 2.6 times to 1.66m ringgit for the half year ending December.

Both companies expect the strong demand for their products to be maintained.

Kubota profit falls in third quarter

By Richard C. Hanson in Tokyo

KUBOTA, the diversified maker of agricultural equipment, reported yesterday that its consolidated net profit in the third quarter, to January 15, fell 28 per cent to Y3.2bn ($13m). The decline was attributed to exchange losses on the uncovered portion of convertible debentures issued abroad since 1976.

Consolidated net profit for the first nine months was down 10.9 per cent to Y11.88bn ($48m), the exchange losses arise when the company applies Securities and Exchange Commission of the U.S. accounting methods to the consolidated statement.

Sales on the other hand were up 6 per cent in the latest quarter to Y109.64bn ($444m), making a gain of 6.5 per cent for the nine months. Third quarter sales of pipe were down, by all other sectors were up. Agricultural machinery sales gained 9.1 per cent, while those relating to housing construction rose 24.8 per cent.

Third quarter consolidated exports fell 21.8 per cent, to account for 10.6 per cent of sales, but were up 9.6 per cent for the nine months. Agricultural exports have tended to level off this year, while domestic sales have turned upwards. Agricultural equipment represents over 40 per cent of all sales.

Tax limits Arnotts rise

BY JAMES FORTH IN SYDNEY

ARNOTTS, the biscuit and snack foods maker, raised its earnings from A$6.4m to $6.55m (U.S.$7.2m) in the December half-year. The interim dividend is held at 4.5 cents a share and will be paid on capital increased last year by a one-for-five scrip issue.

The result was affected by a jump in tax from A$3.63m to A$5.82m, reflecting a reduction in the investment allowance. The profit gain compares with an 11 per cent increase in sales, from A$132m to A$147m

* * *

AMALGAMATED WIRELESS (Australasia), the electronics group, has raised its interim dividend from 4.5 cents a share to 5 cents, on a 16 per cent increase in profit for the December half-year, from A$ 4.35m to A$ 5m (US$ 5.5m). The higher profit was achieved on a sales increase of only 4.5 per cent to A$ 79m (US$ 86.6m). The higher interim is payable on capital increased last December by a one-for-five scrip issue, and represents the eighth consecutive dividend increase.

The directors attributed the latest profit improvement to substantial reductions in interest paid and better results from most trading divisions. AWA is in the process of acquiring the Brisbane television company, Queensland Television through a A$ 28m cash bid.

JAKARTA STOCK EXCHANGE

Foreign companies lift the market

BY RICHARD COWPER IN JAKARTA

WHEN the Indonesian subsidiary of BAT Industries went public three months ago, the cigarette giant gave a filip to Indonesia's fledgling stockmarke. It also saved itself an estimated $10m in corporation tax over the next ten years. But there were other advantages. Before BAT floated off 30 per cent at the end of 1979, the local company, PT British-American Tobacco had a paid up capital of Rh 115,000 or $184, hardly an indication of the assets of Indonesia's largest single producer of white (non-clove) cigarettes, and a company which expects to make $1.3m after tax profit in 1980.

In Indonesia, a revaluation of assets is normally liable to a tax of 20 per cent, but today BAT's reserves are capitalised at Rh 22bn (around $3.5m) and the re-assessment has cost the company nothing in tax—a saving of around $700,000.

This apart, however, analysts here argue that the real incentive for going public in Indonesia is that it makes it much easier for a company to grow. In a nation which has come to pride itself on matching new foreign investment with Government priorities, expanding capacity in non-priority areas can be difficult or impossible.

Such has been the Government's commitment to equity market growth, that BAT, which currently produces over 11bn cigarettes a year in Indonesia, had little or no problem in getting approval to increase its output to 19bn by 1984—once it had made the decision to go to the market. The $26m BAT receives from floating off 30 per cent of its local company to the Indonesian public should, says Mr. R. G. Leonard, the president-director of BAT Indonesia, just about pay for the planned 70 per cent expansion in capacty scheduled for the next five years.

The Indonesian Government's aim in its commitment to strengthening the local stock market has been to soak up idle domestic capital, to help bring a smooth transition from foreign to local ownership, and — perhaps the most important factor—for the accounting and other requirements associated with going public — to bring some financial order to a country where tax evasion is a way of life. From the outset the Government provided a number of major incentives to companies to part with a significant proportion of their equity. These included a reduction in corporation tax of up to 20 per cent over five years, an undertaking that expansion plans would be looked on in the most favourable light, and the ruling enabling companies to revalue their assets without paying the customary 20 per cent tax.

In spite of the incentives, one year after the stock exchange had been officially revived in August, 1977, only one company, Pt Semen Cibowong, the cement concern and a joint U.S.-Indonesian venture, had gone public. The Government needed a big issue to bring the market to life. In March last year a number of new incentives were introduced, among them continuing relief from corporation tax after the initial five year concessionary period had ended, when BAT went public in December last year, it did more than anything to lend weight to a market which in a somnolent start had seen only two small public offerings. BAT's issue of 6.6m new shares of common stock, at Rh 2,500 ($4) a share, increased the value of Indonesia's stock market ninefold.

While BAT had given a commitment in principle to the Government as far back as 1967 to support the capital market should it be revived, the company had qualified this by undertaking to move when it was "timely." By the middle of 1979 the time was ripe. The Government needed BAT to help stimulate the market, and BAT needed the Government's goodwill to allow it to expand. The issue cost the company around $2m in underwriting and selling commissions and a nationwide programme aimed at explaining to officials and the public the ways of the market. Now that BAT has paved the way, a number of other companies are queueing up to follow. Pt Teijin Indonesia Fibre, owned by two large Japanese concerns, floated off 17.4 per cent of its equity last month for around $12.8m. PT Richardson-Merrell's issue of 30 per cent of its equities, worth $1.34m, is launched today. Others considering going public include Unilever, Goodyear and Union Carbide.

Richardson Merrell share offer

INDONESIA'S equity market takes another step forward today, when a 28 per cent stake in PT Richardson-Merrell, the local subsidiary of the U.S. pharmaceutical concern, and maker of Vick products, is offered to the Indonesian public at a price of Rh 840m ($1.34m). Richardson-Merrell will be the third foreign company to go public in Indonesia in three months. The start of trading on April 29 will bring to five the number of companies quoted on Indonesia's stock exchange, writes Richard Cowper.

Richardson-Merrell Indonesia has a paid-up capital of Rh 2bn, and the 280,000 shares offered are priced at Rh 3,000, against the par value of Rh 2,000. The issue will bring the locally held equity to 30 per cent, leaving the parent company with 70 per cent, against its current 90 per cent. The stake of Mr. Willy Siwu, a local director, will be reduced from 10 per cent to 2 per cent.

Mr. Francis Estarda, managing director of PT Ficorinvest, the issue manager, says that PT Danareksa, the State-owned investment company has agreed to subscribe to 50 per cent of the offering, but is willing to cut this to 40 per cent if the issue is oversubscribed.

Richardson-Merrell Indonesia earned after-tax profits of $547,000 in 1979-80, on a turnover of $4.5m. Profits this year may rise to $1m, on turnover of $5.2m, according to Mr. Eduardo Puno, the managing director. The company plans to spend $3m on expansion over the next five years. It will be the first pharmaceutical concern to go public in Indonesia.

هكذا من الأصل

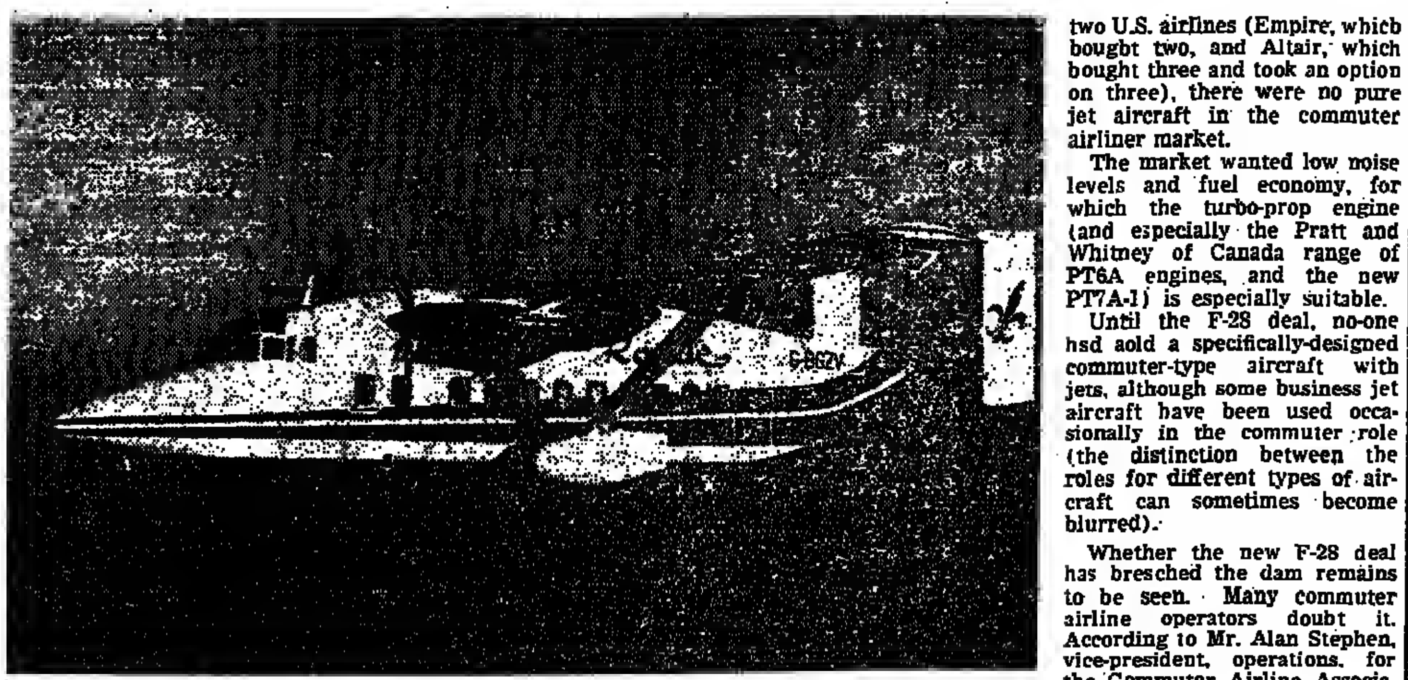
MICHAEL DONNE reports on an expanding demand for civil aircraft

Air commuter market grows

THE DECISION of Saab-Scania of Sweden and Fairchild Industries of the U.S. jointly to develop a new 30-seat airliner in the "commuter" category reflects the increasing interest being shown by the major aircraft manufacturers in one of the most rapidly developing of all civil aircraft markets.

There is now a growing demand for aircraft that are small, quiet and highly fuel-efficient to carry loads of up to 30 passengers a time over distances up to about 100 miles (160 km), linking small communities not only with each other but also with bigger centres of population. Hence the name "commuter airliners" that has been coined for what are more technically known as "third-level" operations—that is, beneath the "first-level" of the big scheduled and charter airlines and the "second-level" of regional operators.

The market has been developing most rapidly in the U.S., where air travel is more common than elsewhere, but also where there are many communities widely scattered for which commuter air services are eminently suitable. But third-level operations are also becoming much more important in areas where commuters do not exist, but where air services have become the essential link between communities which would otherwise be days or even weeks apart by surface transport—in the Middle and Far East, Africa and South-East Asia.



A Shorts 330 Commuterliner leaves Belfast for Shreveport, Louisiana, to join the fleet of Royale Airlines, operating in the New Orleans to Houston area.

Competition

World-wide, this market is expected through the 1980s to yield orders for upwards of 1,000 aircraft, worth an estimated £10bn or more including spares. But while third level operations exist world-wide, the most recent expansion has been in the U.S., where it has been stimulated by two developments. One has been the rising cost of petrol, and the emergence of shortages, which has tended to encourage people to fly rather than drive for distances of 100 miles or so. In small communities the local airport is often close to the centre of the town and is thus much easier to get to than might be the case in a bigger urban area. More and more businessmen in the U.S., for example, are taking "commuter" flights to the nearest major international airport, rather than drive there.

The second major stimulus has been the emergence of a U.S. Government policy to encourage greater competition among airlines of all kinds. One element of this has been a further amendment of the Federal Aviation Regulations, permitting third-level operators to use aircraft up to 60 seats, instead of the 30 seaters they were formerly restricted to. In some areas, where bigger airlines served small communities, often at a loss, there has been a tendency for some of them to pull out. This has left some communities without air services. In others, the smaller carriers have moved in.

Recent figures from the U.S. indicate that in 1979 the number of passengers carried by over 260 commuter operators of all kinds exceeded 12m, or 14 per cent more than in the previous year.

These developments in the U.S., particularly are stimulating a demand not only for new types of aircraft, but also for additional airport facilities for small communities. Thus, the growing commuter market in the U.S. is seen as a major investment opportunity by many financing institutions, with cash likely to be readily available not only for the airlines but also for aircraft manufacturers and airport expansion schemes. Collectively, the commuter airlines in the U.S. already have a fleet of over 1,400 aircraft, serving over 800 airports throughout the U.S.

In Britain, the third-level airline industry is less well developed. There are some highly successful operators, such as Brymon Airways in Southern England and Loganair and Air Ecosse in Scotland, but there also have been some less successful ventures. The denser British surface network of roads and railways militates against local airline operations, except where terrain difficulties (such as crossing water) make flying more convenient.

But worldwide the market for commuter or third-level aircraft is expanding. Short Brothers and Harland, of Belfast, by the end of 1979 had sold 58 of its 30-seat SD-330 Commuterliners to 18 airlines, mostly in the U.S. Some 330s are flying with operators in the UK, West Germany, Canada, Hawaii and the Netherlands Antilles. Since entering service in mid-1976, these SD-330 aircraft have carried over 2m passengers during over 100,000 hours of revenue flying. The possibility of a bigger version is being studied, but Shorts plans to build the SD-330 throughout the 1980s.

Apart from the SD-330, the market so far has mostly been met by smaller aircraft, such as the De Havilland Canada 19-seat Twin Otter; the 28-seat Mohawk 298; the Embraer (Brazil) 20-21-seat Bandeirante; the U.S. Swearingen Metro II of 19 seats; and the Beech 15-seat C-99.

Below these in size, the market has been dominated by the 17-seat Britten-Norman Trislander and nine-seat twin-engined Islander; the six-eight seat Cessna 402, eight-10 seat Conquest and eight-seat Titan; and the Piper six-eight seat Navajo and eight-10 seat Chieftain.

Many manufacturers are now looking at new models. These include de Havilland of Canada, which is planning its 32-seat twin-turbo-prop DHC-8 to complement both its bigger 50-seat Dash Seven and its smaller 19-seat Twin Otter—both of which are selling very well. Other manufacturers considering commuter aircraft include Aeritalia of Italy (the AIT-230, a 30-seater); Aerospatiale of France, with its AS-35 (a 36-44-seater); Dornier of West Germany (planning both a 15-seat and a 19-seat version of its existing Skyservant light transport range); Embraer of Brazil (a twin-turbo-prop 30-seater, called the Brasilia, to complement its smaller but very successful Bandeirante); Saab-Fairchild (a 30-seater to complement the existing 19-20-seat Metro II built by Fairchild's subsidiary, Swearingen); and Beech, which is offering not only its 15-seat C-99, but also the new 13-seat 1300 and 19-seat 1900 models.

Derivatives

In the UK, apart from Shorts, which is studying derivatives of the SD-330, British Aerospace is working on the 19-seat Jetstream 31, the first model of which is due to be rolled out soon at its Prestwick factory, while at the upper end of the scale it is offering its already highly successful HS-748. The latter, like the F-27 Friendship, is more of a regional airliner and feeder-liner than a commuter type, since it seats up to about 50 passengers, but British Aerospace has sold it successfully to some U.S. commuter operators.

One significant feature of all these aircraft is that they are powered by turbo-propeller engines. Until recently, when Fokker of Holland sold several of its F-28 Fellowship jets to two U.S. airlines (Empire, which bought two, and Altair, which bought three and took an option on three), there were no pure jet aircraft in the commuter airliner market.

The market wanted low noise levels and fuel economy, for which the turbo-prop engine (and especially the Pratt and Whitney of Canada range of PT6A engines, and the new PT7A-1) is especially suitable.

Until the F-28 deal, no-one had sold a specifically-designed commuter-type aircraft with jets, although some business jet aircraft have been used occasionally in the commuter role (the distinction between the roles for different types of aircraft can sometimes become blurred).

Whether the new F-28 deal has breached the dam remains to be seen. Many commuter airline operators doubt it. According to Mr. Alan Stephen, vice-president, operations, for the Commuter Airline Association of America, "the price of jet fuel is forcing major carriers out of the short-haul market, even those with high volumes of traffic, and this trend is going to continue to tilt in our favour."

Whether the new British Aerospace BAe 146 "bus stop" jet aircraft, with its four Avco Lycoming jet engines, and its capacity for upwards of 70 passengers (although it can break-even at 30-40), can also bite into the upper end of the commuter and third-level airliner market, or generate a regional market demand of its own, remains to be seen. This aircraft is due to fly next year. British Aerospace is claiming substantial improvements in both noise and fuel economy for it, even compared with some current turbo-prop types of aircraft, but so far no one has ordered the 146.

Beyond all these ventures, for the longer term the U.S. National Aeronautics and Space Administration (NASA) has launched a Small Transport Aircraft Technology (STAT) programme, designed to find the most economical design for a commuter airliner for the later 1980s or early 1990s. Three major U.S. manufacturers are involved—Cessna, General Dynamics and Lockheed-California Company. Cessna is looking at a 19 passenger twin-turbo-prop design; Convair Division of General Dynamics is looking at a broad range of designs, accommodating between 15 and 60 passengers; while Lockheed-California is looking at a 30-passenger twin turboprop, and the other a 50-passenger design. These companies' studies are being paralleled by similar studies by engine and propeller manufacturers.

APPOINTMENTS

Packaging post at Wilkinson Match

Mr. Gordon Charlwood

Mr. Gordon Charlwood has joined WILKINSON MATCH as managing director, UK packaging. He will be responsible for both of Wilkinson's packaging operations, H. W. Chapman (Wellingborough) and Wolverhampton Box Company (Wolverhampton) and will report to Mr. John Bloxcidge, managing director, UK and international. Wilkinson's UK consumer products and packaging operations have recently reorganised to create a unified board. Mr. Charlwood was previously with the paper and plastics division of Metal Box.

★

Mr. George McG. Corbett has joined VIGERS in a consultancy capacity. He was previously managing director of Gatechurch Property Management, a subsidiary of the Hongkong Bank Group, to which he has been appointed property consultant.

★

Professor J. F. Wilson has been re-appointed chairman of the POLICE ARBITRATION TRIBUNAL on the expiry of his present term of office. Mr. E. Richards and Mr. M. J. Clarke become members of the Tribunal to succeed Sir Andrew Crichton and Lord Cooper of Stockton Heath, whose terms of office have expired.

★

Mr. W. M. Pybus has been appointed a non-executive director and deputy chairman of R. MANSELL, building contractor. Mr. Pybus is a partner in Herbert Oppenheimer Nathan and Vandyk, solicitors, chairman of AAH, a regional director of National Westminster Bank, chairman of the midlands and north-western regional Board of British Railways, and a director and chairman of many other companies.

★

The manufacturing facilities for RACAL COMMUNICATIONS have been re-organised and Racal Marine, of Broadstairs, has been re-named Racal Thanet. Mr. Reg Borham, managing director of Racal Thanet, joins the Board of Racal Communications as production director and is also appointed managing director of Racal Communications Manufacturing.

★

Mr. Alan Robson has been appointed sales director of VICKERS MICHELL BEARINGS, Newcastle upon Tyne. He returns to Michell after seven years as an agent for French and German engineering companies.

★

Mr. Mike Pollitt has been appointed sales director of VENTEK COMPUTERS. He was previously with ICL.

★

Mr. Nigel Blackham has joined the Board of BPG BUSINESS FORMS (COILS AND ROLLS) as financial director.

★

Mr. L. D. Trenchard has succeeded Mr. J. McAfee as president of the INSTITUTE OF MARINE ENGINEERS.

★

Mr. C. G. Crawford, president of Barton Tubes, Canada, has been appointed a director of the parent company, BARTON AND SONS, Birmingham, UK.

★

Mr. Robert J. Cleaver has become a director of CHANTRY-KEYS ESTATES, Edgbaston, Birmingham.

★

Mr. James L. Rice has joined the Board of AMSTRAD CONSUMER ELECTRONICS as finance director, and Mr. Ronald J. East and Mr. Neville F. Shearman have been appointed non-executive directors. Mr. Rice became company secretary of Amstrad in 1979. Mr. East is chairman of Bernard Wardle and Co. and Mr. Shearman is senior partner in Mordant Latham and Co. The founder of Amstrad, Mr. Alan M. Sugar, remains chairman and managing director. In addition, the company has appointed an executive management committee comprising Mr. Stanley Randall, purchasing manager; Mr. Sidney Borns, production manager; Mr. Michael Forsey, chief engineer, responsible for technical research and development; and Mr. Richard Mould, sales manager.

★

Sir Lawrence Boyle, former chief executive of Strathclyde Regional Council, has joined the committee of Management of the PENSION FUND PROPERTY UNIT TRUST, one of four property unit trusts managed by the Property Unit Trusts Group on behalf of pension funds and charities.

★

Miss Felicity Green, formerly a senior executive at Mirror Group Newspapers, has been appointed associate editor of the DAILY EXPRESS.

FOOD PRICE MOVEMENTS

	March 13 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton ...	1,230	1,230	1,230
British A.1 per ton ...	1,180	1,180	1,180
Ulster A.1 per ton......	1,160	1,180	1,160
BUTTER†			
NZ per 10 kg	14.80/14.97	14.80/14.97	14.80/14.97
English per 10 kg	—	—	18.57
Danish salted per 10 kg	19.18	19.18	19.18
CHEESE‡			
English cheddar	1,611.60	—	1,560/1,611
Irish cheddar...........	1,581.10	—	1,535.95
Danish cheddar	—	1,450	1,455
EGGS*			
Home produced:			
Size 4	4.60/4.70	4.40/4.65	4.40/4.60
Size 2	5.00/5.15	4.85/4.95	4.65/4.85
	March 13 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	64.0/68.0	63.0/67.0	64.0/68.0
Eire forequarters	48.0/50.0	46.0/49.0	47.0/50.0
LAMB			
English	60.0/68.0	68.0/72.0	50.0/58.0
NZ PLs/PMs	51.0/54.0	52.0/54.0	51.0/53.5
PORK			
All weights	37.0/48.0	36.0/48.0	30.0/49.0
POULTRY			
Oven-ready chickens...	39.5/48.0	39.0/48.0	36.0/48.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks delivered, per tonne.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as at Wednesday, March 12, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.513
Algeria	Dinar	3.8325
Andorra	French Franc	4.2236
	Spanish Peseta	67.625
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7086
Argentina	Argentine Peso	1686.60
Australia	Australian $	0.9085
Austria	Schilling	12.9075
Azores	Portug. Escudo	48.88
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	67.685
Bangladesh	Taka	15.4007
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.335
	B. Franc (F)	30.285
Belize	Belize $	2.00
Benin	C.F.A. Franc	211.163
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	8.1433
Bolivia	Bolivian Peso	26.00
Botswana	Pula	0.7802
Brazil	Cruzeiro	46.70
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.1655
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	80.00
Cameroun Republic	C.F.A. Franc	211.163
Canada	Canadian $	1.1658
Canary Islands	Spanish Peseta	67.623
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Emp.	C.F.A. Franc	211.163
Chad	C.F.A. Franc	211.163
Chile	Chilean Peso (O)	38.00
China	Renminbi Yuan	1.554
Colombia	Col. Peso (O)	43.38
Comoros Islands	C.F.A. Franc	211.163
Congo (Brazaville)	C.F.A. Franc	211.163
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7836
Cyprus	Cyprus Pound	0.3553
Czechoslovakia	Koruna (O)	5.25
Dem.Rep. S'oTome & Principe	S. Tome Dobra	35.0184
Denmark	Danish Krone	5.634
Djibouti	Djibouti Franc	167.56
Dominica	E. Caribbean $	2.7085
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	27.80
Egypt	Pound (3)	0.6935
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	67.625
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.5634
Falkland Islands	Falkland Is. £ *	2.238
Fiji Islands	Fiji $	0.851
Finland	Markka	3.812
France	French Franc	4.2235
French C'ty in Af.	C.F.A. Franc	211.163
French Guiana	Local Franc	4.2233
French Pacific Is.	C.F.P. Franc	72.8388
Gabon	C.F.A. Franc	211.163
Gambia	Dalasi	1.7875
Germany (East)	Ostmark	1.8038
Germany (West)	Deutschemark	1.8038
Ghana	Cedi	2.75
Gibraltar	Pound *	2.258
Gilbert Is.	Aust. $	0.9095
Greece	Drachma	38.47
Greenland	Danish Krone	5.654
Grenada	E. Caribbean $	2.7085
Guadeloupe	Local Franc	4.2233
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	34.058
Guinea Republic	Syli	18.1048
Guyana	Guyanese $	2.5795
Haiti	Gourde	5.00
Honduras Repub	Lempira	2.00
Hong Kong	H.K. $	4.945
Hungary	Forint (D)	34.00
Iceland	I. Krona	566.40
India	Ind. Rupee	8.1453
Indonesia	Rupiah	625.00
Iran	Rial	71.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	2.0445
Israel	Israeli Pound (4)	68.85
Italy	Lire	839.65
Ivory Coast	C.F.A. Franc	211.166
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	246.675
Jordan	Jordan Dinar	0.3005
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.476
Korea (Nth)	Won	0.94
Korea (Sth)	Won	580.50
Kuwait	Kuwait Dinar	0.2755
Lao P'ple D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.3522
Lesotho	Rand	0.8074
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2861
Liechtenstein	Swiss Franc	1.7875
Luxembourg	Lux Franc	29.336
Macao	Pataca	5.02
Madagascar D. R.	MG Franc	211.163
Madeira	Portugese Escudo	48.88
Malawi	Kwacha	0.8125
Malaysia	Ringgit	2.1833
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	422.325
Malta	Maltese Pound	0.3508
Martinique	Local Franc	4.2853
Mauritania	Ouguiya	42.2585
Mauritius	M. Rupee	7.7381
Mexico	Mexican Peso	88.85
Miquelon	C.F.A. Franc	211.163
Monaco	French Franc	4.2233
Mongolia	Tugrik (O)	6.3655
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	Moz. Escudo	30.8028
Namibia	Rand	0.8074
Nauru Is.	Aust. $	0.9095
Nepal	Napalese Rupee	12.00
Netherlands	Dutch Guilder	1.983
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.0086
	FNH	68.240
New Zealand	NZ $	1.0267
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	211.163
Nigeria	Naira (O)	0.3803
Norway	Norwg. Krone	4.8883
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N. Guinea	Kina	0.8886
Paraguay	Guarani	137.60
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	252.11
Philippines	Ph. Peso	7.43
Pitcairn Islands	N.Z.$	1.0867
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	48.88
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.70
Reunion, Ile de la	French Franc	4.2833
Rhodesia	Rhd $	0.6865
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7085
St. Helena	Sterling *	2.238
St. Lucia	E. Caribbean $	2.7086
St. Pierre	C. F. A. Franc	4.2833
St. Vincent	E. Caribbean $	2.7085
Samoa American	U.S $	1.00
San Marino	Italian Lira	838.65
Saudi Arabia	Saudi Riyal	3.3384
Senegal	C. F. A. Franc	211.163
Seychelles	S. Rupee	6.8362
Sierra Leone	Leone	0.8837
Singapore	Singapore $	2.1656
Solomon Islands	S.I. $	0.9095
Somali Republic	Som. Shilling	6.0541
South Africa	Rand	0.8074
Spain	Peseta	67.685
Spanish ports in North Africa	Sp. Peseta	67.885
Sri Lanka	S. L. Rupee	15.67
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.8074
Sweden	S. Krona	4.3775
Switzerland	Swiss Franc	1.7275
Syria	Syria Pound	3.9565
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan. Shilling	8.2803
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	211.183
Tonga Islands	Pa'anga	0.8095
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3061
Turkey	Lira	70.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.9005
Uganda	Ug. Shilling	7.476
United Arab Emir.	UAE Dirham	3.736
United Kingdom	£ Sterling	2.238
Upper Volta	C.F.A. Franc	211.163
Uruguay	Urug. Peso	8.58
U.S.S.R.	Rouble	0.654
Vatican	Italian Lira	839.69
Venezuela	Bolivar	4.2857
Vietnam N.	Dong (D)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9111
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	20.0885
Zaire Republic	Zaire Zaire	2.0638
Zambia	Kwacha	0.7927

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shakels. However dealers are currently quoting in pounds.

Dollar strong

Heavy demand continued for the dollar in the foreign exchange market yesterday, although turnover was not particularly large in the absence of a general willingness to sell the U.S. currency. In these conditions central bank intervention to stem the dollar's rise was not very great, but the U.S. unit showed a marked improvement, touching its highest level since the end of July 1978 against the Swiss franc, and to point since early September last year in terms of the D-mark.

The dollar rose to SwFr 1.7425 from SwFr 1.7290 against the Swiss franc, due to DM 1.8210 from DM 1.8070 against the D-mark, while improving to Y248.10 from Y247.40 against the Japanese yen. The dollar's trade-weighted index, as calculated by the Bank of England, rose to 87.8 from 87.4, reflecting interest rate differentials and anticipation of President Carter's anti-inflation plans expected today.

Sterling declined against the dollar in line with other major currencies but was generally firm. Its trade-weighted index, on Bank of England figures, stood at 72.2 all day, compared with 72.5 on Wednesday. The pound opened at $2.2300-$2.2310, the highest level of the day, but quickly fell to $2.2240-2.2250, before trading within a general range of $2.2225 to $2.2275. In the afternoon sterling fell to $2.2180-2.2190 as the dollar rose, and closed at $2.2225-2.2235, a fall of 1.15 cents on the day.

D-MARK—Steady within the European Monetary System, but weaker against dollar following sharp upward movement in U.S. interest rates—The D-mark lost ground against nearly all major currencies at the Frankfurt fixing. The dollar rose to its highest fixing level for nearly six months at DM 1.8135, compared with DM 1.8017 on Wednesday. The Bundesbank sold only $8.65m at the fixing and was not a major influence in the open market. Interest rate differentials and expectation of President Carter's anti-inflation package boosted the dollar. Sterling, the Swiss franc and Japanese yen all improved against the D-mark at the fixing, while members of the EMS were also firmer, with the exception of the Danish krone.

ITALIAN LIRA—Generally firm, and close to the top of the EMS—The lira weakened against the dollar, sterling and the Swiss franc at the Milan fixing, and showed mixed change in terms of its EMS partners. The D-mark, guilder and French franc improved, but the Belgian franc, Danish krone and Irish punt lost ground. The dollar was fixed at L844.30, the highest level for a year, and up from L839.80 on Wednesday. Sterling rose to L1,879 from L1,878.60 at the fixing.

BELGIAN FRANC — Weakest member of EMS, requiring heavy support recently, but resists devaluation—The Belgian franc continued to weaken against the strongest EMS currencies at the Brussels fixing. The French franc, Dutch guilder, Italian lira and D-mark all improved against the Belgian currency, while only the Irish punt and Danish krone declined. The dollar rose to BFr 29.4925 from BFr 29.32, sterling to BFr 65.63 from BFr 65.55, and the Swiss franc to BFr 16.99

FRENCH FRANC — Remaining firm around the top of the EMS—The French franc continued to improve against EMS currencies, consolidating its position as the strongest member of the EMS.

DUTCH GUILDER—Very strong recently near top of EMS—The guilder was firm against its EMS partners at the Amsterdam fixing, but declined against the dollar, Swiss franc and Japanese yen.

THE POUND SPOT AND FORWARD

March 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2180-2.2310	2.2225-2.2235	0.08-0.18c dis	−0.70	0.37-0.47dis	−0.75
Canada	2.5965-2.6105	2.5975-2.5985	1.05-0.95c pm	4.62	2.50-2.35 pm	3.73
Nethlnd.	4.42-4.45½	4.44¼-4.45¼	3-2c pm	6.74	7¼-6¼ pm	5.29
Belgium	65.35-65.80	65.65-65.75	40c pm-par	0.91	30-20 pm	1.52
Denmark	12.58-12.66	12.64¼-12.65¼	2⅛-4¼ore dis	−3.32	3¼-9¾ dis	2.83
Ireland	1.0895-1.0970	1.0952-1.0982	0.07-0.03p pm	0.05	0.10-0.05 pm	0.27
W. Ger.	4.02-4.06	4.04½-4.05½	3½-2½pf pm	9.26	9¼-3½ pm	8.76
Portugal	108.60-109.50	109.20-109.40	15-45c dis	−3.29	40-115 dis	−2.34
Spain	150.40-151.45	151.30-151.40	60-110c dis	−6.74	205-265 dis	−6.21
Italy	1,874-1,880	1,878-1,879	1-3 lire dis	−7.28	12½-14¼ dis	−2.82
Norway	11.11-11.18	11.15½-11.16½	4-3½ore pm	3.90	11½-10½ pm	4.31
France	8.41½-8.46	8.44½-8.45½	3½-2½c pm	4.13	9-3 pm	3.60
Sweden	8.52½-8.57	8.55½-8.56½	3¾-3ore pm	4.24	11½-10½ pm	4.71
Japan	547-555	551-552	2.10-1.70y pm	4.13	5.40-5.00 pm	3.77
Austria	28.80-29.00	28.93-28.98	21-16gro pm	7.67	65-50 pm	5.63
Switz.	3.84-3.88½	3.87-3.88	4½-3½c pm	12.39	11½-10½ pm	11.10

Belgian rate is for convertible francs. Financial franc 67.60-67.90.
Six-month forward dollar 0.52-0.62c dis. 12-month 0.10-0.20c dis.

THE DOLLAR SPOT AND FORWARD

March 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2180-2.2310	2.2225-2.2235	0.03-0.18c dis	−0.70	0.37-0.47dis	−0.75
Ireland†	2.0275-2.0385	2.0275-2.0295	0.05c pm-par	0.15	0.10-0.20dis	−0.29
Canada	1.1677-1.1711	1.1708-1.1711	0.53-0.43c pm	4.92	1.35-1.25 pm	4.45
Nethlnd.	1.9900-1.9990	1.9900-1.9910	1.25-1.18c pm	7.32	3.38-3.28 pm	6.69
Belgium	29.42½-29.67	29.55-29.57	5-4½c pm	2.13	17-14 pm	2.10
Denmark	5.6585-5.6930	5.6885-5.6900	1.15-1.65ore dis	−2.95	3.10-3.60dis	−2.35
W. Ger.	1.8060-1.8230	1.8205-1.8215	1.60-1.50pf pm	10.21	4.37-4.27 pm	9.49
Portugal	48.95-49.20	49.10-49.20	3-15c dis	−2.44	10-40 dis	−2.03
Spain	67.84-68.14	68.07-68.14	40-60c dis	−8.81	100-130 dis	−6.75
Italy	843.15-845.50	845.00-845.50	0.9-1.4 lire dis	−1.63	4.75-5.25dis	−2.37
Norway	5.0030-5.0230	5.0229-5.0230	2.00-1.50ore pm	4.18	6.10-5.60	4.66
France	4.2330-4.2535	4.2490-4.2510	1.68-1.58c pm	4.60	4.50-4.35 pm	4.16
Sweden	4.2858-4.3020	4.2995-4.3005	1.80-1.60ore pm	4.74	6.75-5.55 pm	5.25
Japan	247.20-248.25	248.05-248.15	1.05-0.90y pm	4.71	2.30-2.65 pm	4.33
Austria	12.96-13.03½	13.02¼-13.02¾	10.20-9.80gro pm	5.97	31.00-29.00pm	9.97
Switz.	1.7260-1.7450	1.7420-1.7430	1.91-1.81c pm	12.91	5.08-4.98 pm	11.55

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 13	Bank of England Index	Morgan Guaranty changes %
Sterling	72.2	−63.5
U.S. dollar	87.8	−5.8
Canadian dollar	81.5	−16.8
Austrian schilling	156.6	+24.6
Belgian franc	114.2	+18.8
Danish kroner	108.9	−6.8
Deutsche mark	155.4	+44.8
Swiss franc	191.5	+73.4
Guilder	125.6	+20.1
French franc	100.8	−6.0
Lira	54.3	−50.0
Yen	116.6	+14.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Mar. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.577867	0.619988
U.S. $	13	1.29195	1.38757
Canadian $	14	1.50768	1.61660
Austria Sch.	3¾	16.6391	17.8858
Belgian F	12	37.8794	40.6490
Danish K.	13	7.27034	7.81482
D'Mark	7	2.32767	2.50116
Guilder	9½	2.56448	2.75259
French Fr.	9½	5.45711	5.85903
Lira	15	1084.90	1165.22
Yen	7¼	310.633	342.134
Norwgn. Kr.	9	6.44479	6.92191
Spanish Pts.	8	87.3346	95.8555
Swedish Kr.	10	5.51377	5.93327
Swiss Fr.	3	2.28884	2.38565

OTHER CURRENCIES

Mar. 13	£	$		£ Note Rates
Argentina Peso	3816-3836	1710-1768	Austria	28.75-30.00
Australia Dollar	2.0305-2.0335	0.9135-0.9140	Belgium	67.36-67.83
Brazil Cruzeiro	103.28-104.28	46.50-46.80	Denmark	12.36-12.63
Finland Markka	8.48-8.49	3.8240-3.8260	France	0.37-0.43
Greek Drachma	88.174-90.260	30.50-38.66	Germany	4.02-4.04½
Hong Kong Dollar	11.08-11.11	4.9910-4.9960	Italy	1853-1930
Iran Rial	n/a	n/a	Japan	350-355
Kuwait Dinar (KD)	0.607-0.617	0.2731-0.2732	Netherlands	4.42-4.44½
Luxembourg Frc.	65.65-65.76	29.55-29.57	Norway	11.08-11.15
Malaysia Dollar	4.8050-4.8150	2.2090-2.2110	Portugal	106½-111
New Zealand Dlr.	2.3100-2.3130	1.0400-1.0410	Spain	146½-153½
Saudi Arab. Riyal	7.38-7.48	3.3380-3.3440	Sweden	8.30½-8.56½
Singapore Dollar	4.8800-4.8800	2.1085-2.2005	Switzerland	3.85-3.87
Sth. African Rand	1.7850-1.7860	0.8076-0.8080	United States	2.2213-2.2295
U.A.E. Dirham	8.26-8.36	3.7360-3.7390	Yugoslavia	50-61½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.6432	+2.15	+1.52	±1.53
Danish Krone	7.72336	7.82332	+1.29	+0.66	±1.64
German D-Mark	2.48208	2.50352	+0.86	+0.23	±1.125
French Franc	5.84700	5.85009	+0.05	−0.58	±1.3557
Dutch Guilder	2.74362	2.75081	+0.26	−0.37	±1.512
Irish Punt	0.668201	0.678365	+1.52	+0.89	±1.668
Italian Lira	1157.79	1164.09	+0.54	+0.42	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.00-18.10 per cent; three-months 18.55-18.65 per cent; six months 18.45-18.55 per cent; one year 17.20-17.30 per cent.

Mar. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16¾-17	16-16¼	8½-8½	10⅛-10⅜	3⅛-3⅜	7⅝-7¾	13-13¼	12½-14½	—	10-12
7 days' notice	16⅞-17⅛	16⅝-16⅞	8½-8½	10⅜-10⅝	3½-3¾	7⅞-8	15-16¼	14½-16½	16¼-16⅝	12-12⅜
Month	17¾-18	18⅛-18⅜	12-12½	10⅞-11⅛	5⅞-5⅞	8⅛-8⅞	13½-13¾	18½-19½	17¾-18	13½-13¾
Three months	18¼-18½	18⅝-18⅞	13¾-14¼	11⅝-11⅞	6⅝-6⅞	9⅛-9⅞	14⅝-14⅝	20-20¾	18⅛-18⅛	14⅛-14⅜
Six months	18¼-18½	18⅝-18⅞	14½-13	12¼-12½	7⅛-7⅛	8⅝-9¼	14⅞-13⅛	20½-21½	18⅝-18⅞	13⅞-14⅛
One year	17¼-17½	17¼-17½	14½-15	12⅝-12⅞	6⅛-6⅞	9⅝-9¾	13⅛-15⅜	21-22	17⅛-17⅞	12¾-13

Long-term Eurodollar two years 15⅞-16⅛ per cent; three years 15½-15¾ per cent; four years 15-15¼ per cent; five years 14¾-15 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

Mar. 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.223	4.050	551.8	8.450	3.876	4.448	1879.	2.598	65.70
U.S. Dollar	0.450	1.	1.822	248.1	4.251	1.743	2.001	845.0	1.169	29.56
Deutschemark	0.247	0.540	1.	136.2	2.333	0.957	1.098	463.8	0.641	16.22
Japanese Yen 1,000	1.813	4.031	7.344	1000.	17.14	7.026	8.064	3406.	4.711	119.1
French Franc 10	1.058	2.352	4.286	683.6	10.	4.101	4.706	1988.	2.749	69.62
Swiss Franc	0.258	0.674	1.043	142.3	2.438	1.	1.148	484.8	0.670	16.85
Dutch Guilder	0.225	0.500	0.911	124.0	2.185	0.871	1.	428.4	0.564	14.77
Italian Lira, 1,000	0.532	1.183	2.156	293.6	5.031	2.063	2.368	1000.	1.383	34.97
Canadian Dollar	0.383	0.838	1.630	212.3	3.637	1.482	1.712	723.1	1.	26.20
Belgian Franc 100	1.322	3.384	6.164	838.4	14.38	6.898	6.769	2858.	3.854	100.

INTERNATIONAL MONEY MARKET

European rates ease

Interest rates were generally easier in Europe yesterday, reflecting an overall improvement in liquidity levels in many centres. Paris call money fell back to 13¼ per cent after reaching a five and a half year high on Wednesday at 13¾ per cent, while short term money in Frankfurt was down at 8.70-8.85 per cent compared with 8.75-8.85 per cent previously. Period rates were also softer both in Paris and in Frankfurt. Short term credit continued to be in adequate supply in Amsterdam, with call money at 10¼-10⅝ per cent against 10⅜-10½ per cent.

While most rates in Europe were easier yesterday, rates are expected to resume their upward movement shortly. Belgian rates were higher yesterday with domestic credit squeezed a a result of massive central bank intervention in the foreign exchange market. In a continued attempt to support the Belgian franc, interest rates on Treasury certificates were increased yesterday, with one-month bills at 15.5 per cent, up from 15.35 per cent and two and three-month bills higher at 15.9 per cent, a rise of 0.2 per cent. This was the fifth increase in sixteen days, and underlines the authorities' continued policy of supporting the franc by most means other than devaluation.

In Paris the Bank of France is to auction FFr 2.4bn of seven-month Treasury bills next Monday. The last auction of seven-month bills took place on February 5, and yielded 12¼ per cent.

In Amsterdam the Dutch Finance Ministry has reached agreement with the Nederlandsche Bank over an increase in the Government's special loan facility. The central authorities may now borrow up to Fl 2.35bn, double the previous limit, from the central bank up to the end of February, 1981. The authorities have already expressed a desire not to have to borrow directly from abroad in order to cover cash requirements.

In Zurich the Swiss authorities announced their intention to raise around SwFr 200m by issuing three-month certificates by tender. The last application date is March 18, with payment due on March 20. The previous or fifth paper issue in February yielded 4.299 per cent, although indications are that the latest offering will yield something over 6 per cent.

MONEY RATES

NEW YORK

Prime Rate	17¾-18¼
Fed. Funds	16½-17
Treasury Bills (13-week)	15.40
Treasury Bills (26-week)	16.11

GERMANY

Discount Rate	7
Overnight Rate	8.775
One month	8.2
Three months	8.625
Six months	8.90

FRANCE

Discount Rate	9.5
Overnight Rate	13.25
One month	12.5
Three months	14.0
Six months	14.0

JAPAN

Discount Rate	7.25
Call (Unconditional)	9.75
Bills Discount (three-month)	13.5

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day to day credit appeared to be in short supply in the London money market yesterday, and the authorities gave a small amount of assistance. This comprised small purchases of Treasury bills, and a small number of local authority bills. The market was faced with the repayment of Wednesday's small market advances and a number of local authority bills maturing in official hands. There was also the unwinding of a previous sale and repurchase agreement on a number of bills. On the other hand there was a moderate excess of Government disbursements over revenue transfers to the Exchequer and a small decrease in the note circulation.

Discount houses were paying 16¼-16½ per cent for secured call loans at the start, but later balances were taken as low as 14½ per cent. In the interbank market overnight loans opened at 16¾-17 per cent and eased to 16½-16¾ per cent on the forecast of a small surplus. Rates fell to 15¼ per cent during the afternoon, but late demand pushed up the cost to 17 per cent.

Rates in the table below are *nominal in some cases.*

LONDON MONEY RATES

Mar. 13 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16½-17	—	—	—	16¾-17	14½-16¾	—	—	—
2 days notice	—	—	17⅝-17⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅝-16⅞	17¾-18	—	17⅞	17¼-17½	18½-16¾	—	—	—
One month	17⅞-17⅜	17⅝-17½	17⅞	18¾-18⅛	17⅞	17⅞-18	16⅝-16¾	16⅞-15⅞	17⅞-17⅞	18⅝
Two months	17⅞-17⅞	17½-17⅝	—	18⅝-18¼	18	—	16⅝-16¾	16-16⅛	17¾	18⅛
Three months	17⅞-17⅞	17⅝-17¾	18-18⅛	18⅛-17⅝	18	18-18⅛	16½-16⅝	18⅛	17½	17⅞
Six months	17-16⅞	17-17⅛	17¼-17⅛	17⅜-16⅞	17½	18⅛	—	—	17¼-16⅞	16⅞
Nine months	16⅞-16⅞	18⅛-16⅞	—	17⅛-16¾	17⅛	—	—	—	—	—
One Year	16⅛-16	16⅜-16½	16½-16⅝	16⅞-16⅝	17	—	—	—	—	—
Two years	—	—	16½-16⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 15⅛-16 per cent; four years 15¾-15⅞ per cent; five years 15¾-16⅛ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17⅛ per cent; four-month trade bills 17⅞ per cent.

Approximate selling rates for one-month Treasury bills 15[illegible]-15⅞ per cent; two-months 15[illegible] per cent; three-months 16 5-64ths-16⅜ per cent. Approximate selling rates for one-month bank bills 17¾-17[illegible] per cent; two-months 17⅞ per cent; and three-months 17⅞ per cent; one-month trade bills 18¼ per cent; two-months 17⅞ per cent; and three-months 17⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1211 per cent.

GOLD

Year's low

Gold fell $32 to close at $553-558, the lowest level this year. It opened at $572-577, the highest point of the day, and was fixed at $574.30 in the morning and $556.50 in the afternoon, before falling to the day's low at the close. Trading in the London bullion market was moderately active.

In Paris the 12½ kilo gold bar was fixed at FFr78,000 per kilo ($571.94 per ounce) in the afternoon, compared with FFr78,900 ($579.63) in the morning, and FFr78,400 ($577.29) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM33,315 per kilo ($572.00 per ounce), compared with DM33,720 ($582.46) previously.

	Mar. 13		Mar. 12	
Gold Bullion (fine ounce)				
Close	$553-588	(£248-251.1)	$585-590	(£261¾-264¼)
Opening	$572-577	(£257.1-259.4)	$570-576	(£255¼-257¾)
Morning fixing	$574.30	(£257.216)	$558.50	(£250.161)
Afternoon fixing	$556.50	(£250.000)	$585.70	(£261.766)
Gold Coins				
Krugerrand	$558-563	(£251-253¼)	$581-596	(£264-266)
Mapleleaf	$568-553	(£251-253¼)	$587-507	(£262½-267½)
New Sovereigns	$143-146	(£64¼-65½)	$148½-151	(£66¾-67¾)
King Sovs.	$165-168	(£74¼-76½)	$172-174	(£77-79)
Victoria Sovs.	$165-168	(£74¼-76½)	$172-174	(£77-79)
French 20s	—		$143-148	
50 pesos Mexico	$685-685		$720-730	
100 Cor. Austria	$330-540		$364-674	
$20 Eagles	$725-730		$735-740	
$10 Eagles	—		—	
$5 Eagles	—		—	

WORLD STOCK MARKETS

Mid-session fall on Wall St.

AFTER MAKING a mixed showing throughout the morning yesterday's Wall Street tended to decline around mid-session on news of a Prime Rate increase to 18½ per cent from 17¾ by Chase Manhattan Bank.

The Dow Jones Industrial Average was 4.61 lower at 814.93 at 1 pm, while the NYSE All Common Index was off 36 cents at $60.50 and declines outscored rises by a seven-to-five ratio. Trading stayed fairly active, with turnover amounting to 22.85m shares at 1 pm (24.18m).

Oil, Defence, Copper, Silver, Gold, Computer and Drug issues were under pressure, but some Utility, Gaming and Motor shares improved.

Against the trend in the Oil group, British Petroleum rose 1½ to $32¾ on announcing a near four-fold rise in 1979 profits. Getty Oil, however, fell $4 to $77½. The state of J. Paul Getty is to sell about 3m of its Getty shares.

Gulf Oil lost 1½ to $45¾. Gulf is to ask shareholders to authorise the issue of up to 100m Preferred shares.

Honeywell receded 2¾ to $84½ after forecasting a decline in first-quarter net profits. IBM shed ⅛ to $60⅞. The company said the size and timing of future financing will depend on customer demand and the ratio of customer leases to sales.

Ford Motor were unchanged at $30⅞. A jury has acquitted the company of charges of reckless homicide in the deaths of three people killed in a Pinto car accident in 1978. Ford also reported a 17.8 per cent fall in early March car sales.

THE AMERICAN SE Market Value Index retreated 1.96 to 269.46 at 1 pm. Volume 2.68m shares (2.56m).

Gerber Scientific climbed $2 to $28½. It reported a near doubling of fiscal third-quarter net earnings.

Cornelius lost ⅛ to $15⅞ on lower fiscal first-quarter profits.

Gulf Canada lost $2 to $151½. Dome Petroleum $2 to $99¾ and Sundance Oil 2¾ to $73¾, but Triton Oil rose $1 to $18½.

Canada

Shares were mostly in easier vein at mid-day after moderate activity. The Toronto Composite Index lost 8.3 to 1988.0 at noon. Golds 78.9 to 3,071.5, Oil and Gas 22.6 to 4,561.5 and Metals and Minerals 20.6 to 2,058.2. In Montreal, however, the Banks index put on 1.73 to 302.73.

Hong Kong

The market fell sharply on heavy selling, the Hang Seng index losing 34.67 to close at a four months' low of 800.96.

News of arrests and an investigation into alleged corruption in the construction industry hit market confidence, prompting widespread selling across the boards, with market leaders as well as Properties and Constructions retreating sharply.

Most of the fall came in the morning, however, with some buying interest re-emerging in the afternoon, dealers said.

Hong Kong Bank receded 60 cents to HK$21.20, Hutchison Whampoa 50 cents to HK$7.20, Jardine Matheson HK$1.00 to HK$14.90 and Swire Pacific "A" 45 cents to HK$7.55.

Among Properties, Hong Kong Land fell 70 cents to HK$11.80, Hong Kong Wharf HK$2.50 to HK$62.50, Cheung Kong HK$1.60 to HK$20.30 and SHK Properties HK$1.10 to HK$16.60.

China Light shed 60 cents to HK$17.40 despite reports that it is negotiating to build a nuclear power plant jointly with China.

SHK Securities declined 15 cents to HK$1.80, Green Island Cement HK$1.50 to HK$49.00 and Hong Kong Gas HK$1.00 to HK$21.00.

Tokyo

After taking Wednesday's rally a stage further, the market became easier-inclined late in the session, leaving mixed price movements on the day.

Investors showed fresh caution towards the close as thoughts again turned to interest rates and the possibility of a further rise in both the U.S. and Japanese Official Discount Rates being announced in the near future.

The Nikkei-Dow Jones Average was finally a net 5.07 down at 6,604.39, although gains retained a modest advantage over falls at the close on the First Market section by 323 to 295. There was another fair turnover of 330m shares (360m).

Energy-related stocks, large-capital issues and some speculatives led the decline after buying spent its force, while Blue Chips and Populars were easier in the wake of the overnight Wall Street setback.

Nippon Oil lost Y30 to Y2,130, Mitsubishi Oil Y13 to Y472, Dowa Mining Y6 to Y780, Matsushita Communication Y60 to Y1,360, Cannon Y8 to Y600, Honda Motor Y9 to Y557, Victor Y40 to Y1,010 and Pioneer Electronic Y30 to Y1,750.

Australia

Minings opened firmer on higher metal prices in London overnight and "cheap" buying by local investors, but subsequently declined to end mainly lower on the day. Oils and Industrials also displayed an easier tendency at the close. The Sydney All Ordinaries index lost 10.49 to 814.01 and the Metals and Minerals index finished 134.50 weaker at 5,160.93.

Among Diamonds, Leichardt closed A$1.50 lower at A$4.50 after trading between extremes of A$6.00 and A$3.50. Brokers said there still appeared to be some confusion about the significance of the company's South African diamond finds, reported on Wednesday.

Bougainville Copper shed 15 cents to A$3.40, Western Mining 40 cents to A$4.25, Renison Tin 40 cents to A$17.80 and Great Northern 60 cents to A$3.00.

BHP lost 15 cents to A$12.55. Bridge Oil, however, advanced 20 cents to A$2.80 following news that it had outlined an 800m tonne steaming coal bed on its wholly-owned leases in Central Queensland.

Germany

Bourse prices closed on a mixed note after quiet trading, failing to maintain Wednesday's broad uptrend. The Commerzbank index shed 1.0 to 707.3.

Brokers said the market was affected to some extent by investors staying on the side-lines to see whether Bundesbank's Central Bank Council would approve of plans by the West German Federal Government to ease restrictions on the purchase from abroad of short-term fixed interest securities.

Machine Manufacturers, however, continued to advance, with KHD adding DM4, Linde DM 2.50 and Demag DM 2.

Metallgesellschaft gained DM 1 with reports that the company was raising its capital apparently coming after the close of trading.

Leading Banks also moved ahead, with Commerzbank rising DM 2, Deutsche Bank DM 1.98

Johannesburg

Trading on the Johannesburg Exchange was nervous and fairly quiet in the absence of any clear lead from foreign investors.

Investors appeared uncertain about the short-term outlook for the gold price, and no clear trend was evident among the Gold shares with most movements relatively small. Investors appear to be off-loading marginal jobbing stocks such as Grootvlei, Lorraine and Marievale, although demand for Heavyweights remains firm and scrip in short supply. East Driefontein rose 175 cents to R25.50, Buffelsfontein 225 cents to R34.50 and Randfontein 100 cents to R71.50.

Paris

Widespread falls occurred in light dealings, reflecting the overnight Wall Street weakness. The CAC General index declined 1.2 to 107.0.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

ITALY

NORWAY

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SWITZERLAND

HONG KONG

SINGAPORE

SOUTH AFRICA

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NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

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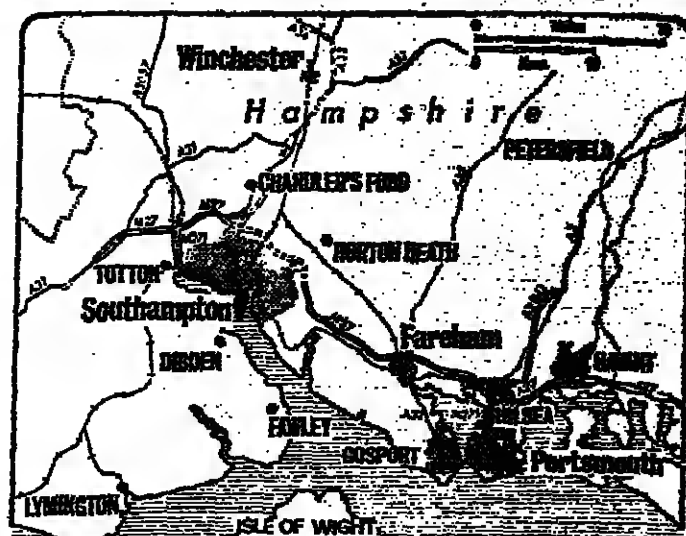
Spanish prices Page 24

FINANCIAL TIMES SURVEY

Friday March 14 1980

South Hampshire

LORNE BARLING examines the problems, progress and potential of one of Britain's most promising areas.



Industry spreads out from the cities

THE PORTS and cities of Southampton and Portsmouth bave traditionally been the key to prosperity in South Hampshire, and with the arrival of high technology industry, the movement of goods hy sea, road and rail has become doubly important to the area's future growth.

In the post-war years the two ports have had to adapt rapidly to changing modes of transport, a decline in naval requirements and competition from other areas inclnding continental Europe. However, their strategic position as a southern gateway to the country has ensured their future.

...hough the demise of the world passenger liner trade was a blow to Southampton, the container revolution occurred at the right time. Heavy investment was necessary, but being the only English deep-sea cargo port on the Channel (in close proximity to the major Continental ports of Cherbourg, Le Havre, Antwerp and Rotterdam) it was ideal for container traffic.

Better road links

Similar expenditure has also heen necessary on internal communications to match the concept of speed embodied in the container revolution. Road links bave improved, but delays in completion of the final connecting link in the East-West M27 north of Sonthampton, and the link to the M3 and London, have been a setback.

At the same time planners have had to reconcile the area's national strategic role with local environmental constraints. Portsmonth and Southampton have attracted some ideal companies to provide a mix of technical and white collar jobs to complement their existing industries.

However, many of these newcomers are growing fast, with the result that space for industrial purposes is at a premium, and a number of nearhy towns and villages are under pressure to take the overflow. Under the broad umbrella of the South Hampshire Structure plan, now some years out of date, five major growth areas have been designated and these are in various stages of readiness to meet demand.

The most advanced of these is at Fareham to the west, where 150 acres at Segensworth are being developed in two phases. Tbe project is being carefully planned—doubtless to allay fears in other areas—to provide a balance of light industry and warehousing. In the first phase 12 sites will he developed by occupier companies to the requirements of the County Council, which owns the land.

The next development, concentrating on shopping and office space, will be at Totton, where a public inquiry has heen held, and other projects are likely to follow at Chandler's Ford, Park Gate (near Segensworth) and possibly Horton Heath.

In the longer term the Southampton City Council and the County Council are looking hopefully at land owned by the British Transport Docks Board, which is being beld hack "for future requirements." However, with 100 acres around Southampton and more than double that at Dibden Bay across Southamptou Water, the Board may be open to persuasion.

Another less serious but irritating constraint is the "motorway gap" wbich planners see as a waste of previous investments in roads whicb cannot he used to full benefit.

Both these motorway sections are now awaiting Ministerial approval. Given an immediate start on work, the M27 stretch could be completed in two years, while the M3 section would take perhaps twice that time. The benefits to communications in the area and to the environment (since they would draw traffic off minor roads) are seen as enormous. Even so, there is nervousness about the prospect of further public spending cuts and further delays.

Overall, there is a continuing search for compromise on the building of roads, indnstrial premises and housing, but because of the lack of space and objections in general, people are having to accept travelling greater distances to work. At a time of rising energy costs this is causing concern.

The County Council has also set up an education liaison council, headed hy an executive from IBM, to improve awareness in schools of how industry operates, in the hope that it will eventually lead to improved relations between industry and the community.

The recent Channel Offshore 80 exhibition, beld at the splendid Southampton Ocean Terminal which once serviced the big ocean liners, illustrated that small to medium-sized companies in the area are a force which cannot he ignored.

Around 30 per cent of the exhibitors of marine equipment and components were local, indicating the very direct link between the interests of the port and the city, aod the Docks Board is not unsympathetic to the possible use of some of its land for industrial purposes if related to the port.

But at present it sees its role mainly in strategic terms, since demands on its resources could increase sharply in coming years as developing countries such as China, South America, India and Mexico develop container facilities and join the world's transport revolution.

There is likely to be a need to develop container handling capacity in the near future as ship operators have little alternative but to use Southampton more extensively as the volume of traffic grows.

These operators are now making strenuous efforts to rednce fuel costs and the additional haul to alternative UK ports is unattractive.

Increasing cross-Channel trade has heen met by the six Ro-Ro terminals for freight and passenger trade, and oil traffic through Southampton rose to well over 20m tonnes per annum before declining in recent years as North Sea production increased.

The British Rail network has been developed to cope with increased traffic, and heavy rail freight is largely container-orientated, with a major Freight-liner rail terminal within the port. International air links are provided by Gatwick and Heathrow, both within a 60-mile radius.

The area's transport infrastructure is therefore well established, and there is some specnlation now about its possible role as a supply and servicing base for oil-related industries if the encouraging signs about the presence of offshore oil prove to be accurate.

Recently there has been a more harmonious relationship between the Docks Board, the City Council and the local Chamber of Commerce, whose conflicting interests bave in the past caused problems. Similarly, the somewbat entrenched positions of smaller communities faced with unwelcome pressure for cbange appear to be breaking down.

There is no doubt that further urbanisation and indnstrialisation in the area is unwelcome to many, perhaps even to those who promote the very considerable tourist and holiday attractions, but there is no reason why it cannot be achieved successfully.

Given the potential land resources of the County Council, the Docks Board and Esso at its Fawley refinery across Southampton Water, and the ability of the authorities to choose from a list of companies begging for space, it should be possible to find the right industries for any available sites.

The Docks Board, for example, sees the opportunity for more warehousing and export-related manufacturing adjacent to its facilities, and encourages companies in the area to see the docks as "a window through which industry can look." Althongh the coming recession is bonnd to slow down the area's immediate pattern of growth, there is little doubt that its future is one of the best in Britain.

Small company turns credit cards into cash

Data Card, like many recent arrivals, has used the region as a base for success

DATA CARD (UK), with its headquarters at Havant, is a text hook example of a company which bas achieved outstanding success by foreseeing and preparing for the enormous growth potential of a particular world market — that of plastic credit or Identity cards.

As a result, it is now turning out aronnd 1.6m plastic cards a week, of which some 400,000 go to British retail outlets, and the remainder abroad through Data Card Internatiooal, the overseas arm of this American-owned company.

Although plastic cards may appear to be simple devices for providing credit internationally, the production and marketing techniqoes which bave led to their success are complex. Security is also a major consideration.

The company employs around 500 at its Havant plant, which produces embossing and encoding machines for card users to process their own cards, and the cards themselves — often in embossed form for major users when they are unable to meet customers demand.

Other prodncts include encoding machines, imprinters such as those seen at retail outlets, metal plate addressing machines and data writing machines, magnetic ink character recognition machines and spirit addressing machines.

One of the key factors in the company's success was in winning the European franchise for U.S.-designed embossing machines which, through their high speed, revolutionised the card bnsiness. There are now Data Card-owned marketing or service centres in six countries, which are supplied either through Havant or the U.S. Sales have been made in more than 80 countries.

The Series 1500 machine, made in the U.S., embosses and encodes cards at the rate of 1,500 an bour with a variety of machine-readable data such as a magnetic stripe encoding.

Lower capacity machines, with outputs of between 400 and 100 cards an bour are manufactured in Havant, and Data Card International (based at nearby Chichester) bas responsibility for all overseas markets other than the U.S. and South America.

Data Card is the only company in Europe with the capability to produce finished plastic cards at the rate of more than 60m a year. When Access card was launched the company printed, embossed and mailed 3.8m cards in 64 days.

The advantage of being in such a dynamic Indnstry is that new market opportunities are continually appearing. These include automatic "point-of-sale" systems, and electronic fund transfer systems (EFTS) in the banking market (such as cash dispensers, which are regarded as an early step in EFTS systems).

With an enormous range of customers, Data Card is now the world market leader and has consistently achieved growth of between 15 and 25 per cent annually.

The UK plant turns out around 55m cards a year for the international market and within the UK operates a large customer service, employing 130 engineers to operate it.

The revenue of the Data Card Corporation of the U.S. increased by 33 per cent to $46m in the nine months to December 29 and earnings by 82 per cent to $5m. UK profits before tax are expected to reach nearly £1m this year.

Diversity is Southampton's strength

THE PROSPERITY of Southampton, founded on its role as a great seaport, has depended more recently on its ability to adapt to changing circumstances such as the container revolution. Similarly the area's industry has diversified and thereby gained strength.

Southampton has traditionally been an area which has managed to avoid the worst of national economic recessions, and that seems to be the case now, as there is little evidence of falling demand or much change in unemployment.

As in other areas, there is a widespread shortage of skilled workers, and unemployment is below the national average. The prospects of dockyard-related employment remain good, since almost all types of traffic have been increasing recently.

Major industrial employers in the area, such as Pirelli General Cableworks, the Philips-owned Mullard factory, Plessey, British American Tobacco, General Motors, and Esso, have done much to improve employment prospects in the region in the past decade.

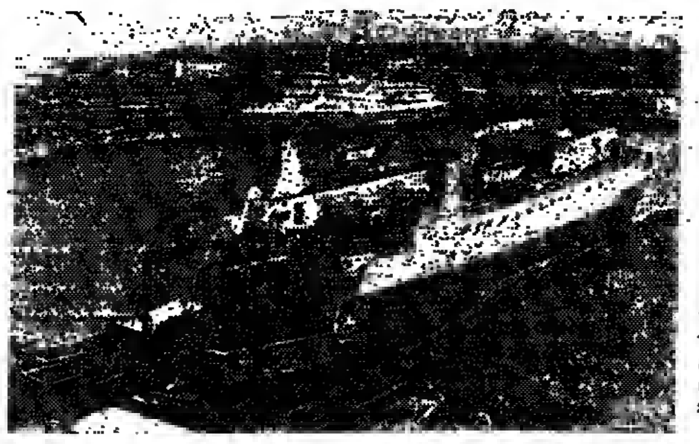
Some, such as Mullard, have been through difficult times, but in general the outlook is good. GM's AC Delco plant is in the middle of a major expansion plan costing more than £5m which will increase its oil filter production from 13m to 20m units a year. It employs around 1,500 people and two-thirds of its output is exported.

The Southampton City Council has long attempted to meet the demands of industrial expansion, but as in Portsmouth the shortage of land for development is one of the constraints. Although there is a large amount of land available within the confines of the docks, this is not likely to become available for development unless related to port activities.

The council is now concentrating its energies on its plan for the Western Esplanade, a 50-acre site on which a £100m development is to be carried out in conjunction with the Beron Group and the Coal Industry Nominees.

This will include a substantial extension to the city shopping area, a new bus and coach station, a large hotel with conference facilities, an exhibition centre and a light industrial and warehousing area. There are also plans, still under discussion, for a sports stadium.

The land in the development area is owned by the Council, which is offering 125-year leases—estate advisers and letting agents are Edward Erdman. Work on the project is expected to start later this year and will take eight years to complete.



Southampton's ferry terminal. Foreign visitors are using it in increasing numbers

Tourism is also economically important for Southampton and current estimates put its annual direct value to the city at £20m. One of the fastest growth areas is continental visitors using the ferry services.

The Port of Southampton, owned and operated by the British Transport Docks Board, remains the focal point of the rapidly growing South Hampshire region, and has great economic influence not only on the immediate area, but on the country as a whole.

Around £40m has been invested in the docks in the past decade and the recently named Prince Charles Containerport, built by the Docks Board, is the country's principal deep-sea container port.

Around 12,000 are employed in Southampton Docks, 3,700 of them by the Docks Board. The container port's five berths are made up into two terminals which service more than 40 container ships, many of them the largest such vessels in the world, on a regular basis. Throughput at the container port last year exceeded 200,000 units and the Docks Board has plans to expand this traffic.

There has also been an improvement in the previously poor container handling performance, and productivity has increased by about 40 per cent in the past year. Current performance levels are said to be as good or better than those at other major European container terminals.

Solent Container Services, which manages the large terminal at Berths 204/5/6 servicing the Trio Line and SAECS vessels, has recently been achieving an average of 1,400 container movements on and off ships in every 24-hour period.

There has also been a boom in the port's trade in vehicle traffic, with around 300,000 vehicles passing through last year. This traffic, which only started in 1975, has grown rapidly and is expected to show continuing growth.

The port is also significant in that important industries are situated inside the port area, including the country's biggest oil refining complex, the Esso refinery at Fawley, which has an annual capacity of 19.5m tonnes, about one-seventh of the UK's refining capacity.

There are also the adjacent chemical installations of Monsanto, International Synthetic Rubber and Union Carbide, the Vosper Thornycroft shipbuilding yards on the Itchen, and Vosper Shiprepairers within the docks.

Although the shiprepairing industry has suffered from the decline of the large passenger liners using Southampton, Vospers have cut its cloth accordingly and after some redundancies is now employing around 1,000 men and operating at near to capacity.

A combination of Ministry of Defence work and emergency repair work on the increasing number of large container ships using the port, provides adequate activity for the company, now part of British Shipbuilders. There are also good prospects for work on older RN frigates which are to be refurbished and sold abroad under a new scheme.

Vosper Thorneycroft, also part of British Shipbuilders, and easily the most profitable of the member companies, has headquarters nearby at Fareham and five main establishments in the area. The Southampton group operates the Woolston shipyard, the largest of them, which employs more than 3,000.

The company is a major export earner, usually selling around 80 per cent of its ships and products abroad, and the remaining 20 per cent to the Royal Navy.

Portsmouth starved of space

PORTSMOUTH IS a city which has always thrived on change, adapting to the needs of both the Royal Navy and industry, much of it in the past geared to supporting a major naval facility.

But the city's key position, close to London and an ideal export outlet for Continental Europe and overseas markets, has attracted a wide range of industries (many of them producing high technology products) and room for expansion is now the biggest problem.

As a result, great emphasis is now placed on planning. The city authorities are well aware of the dangers of allowing social needs to be neglected in the rush for growth as local companies expand, and others seek to establish themselves in the area.

Given the physical constraints of Portsmouth, surrounded by water on three sides, there is now a desperate shortage of land for both housing and industry. As a result, around 12,000 council houses have had to be built outside the city boundaries.

Problem of success

However, these are the sort of problems which accompany success and no one is complaining too vociferously. There has in the past been some rivalry between HM Naval Base and the city about space, but a spirit of compromise now prevails.

The dockyard continues to be the largest employer in the area, with around 9,000 working there and more at naval establishments nearby, but it faces difficulties in recruiting labour because civilian companies can offer better rates than the civil service.

It is particularly short of electrical engineers, and there are suspicions that Marconi Space and Defence Systems, which does a good deal of work for the Royal Navy, may be one cause of the problem. The dockyard has recently been recruiting with some success in areas such as Cardiff, Glasgow and Birkenhead.

Although the area is dominated by a few large companies, 60 per cent of the 250 industrial members of the local Chamber of Commerce have less than 100 employees, and only eight have more than 750 employees.

Among these there is a strong contingent of electronics companies, notably IBM, a number of Plessey companies, GEC, Marconi and Sperry Rand, which as an industry are by far the most significant employers in the area. Other large companies are Cyanamid, which produces chemicals, and ICI Plant Protection.

It is these companies which have been largely responsible for the strong post-war industrial growth in the Portsmouth area, creating new jobs as the relative importance of the dockyard declined — although its present role and the ship-related activities should not be underestimated.

Significantly, the level of unemployment in the Portsmouth area fell below the national average in January last year and now stands at 5.3 per cent compared with 5.9 per cent nationally. However, there is a serious imbalance in the labour market, with shortages of some skilled workers, and high unemployment of unskilled people.

According to the Chamber of Commerce there are now distinct signs of recession among local businesses, but unless the national economic downturn proves worse than feared, there is unlikely to be a shake-out of labour among the larger employers, as the electronics sector is likely to suffer less than most.

The success of local industrial development is attributed partly to the Portsmouth City Council, which foresaw the need to compensate for job losses in the dockyard and actively sought to attract industry, but regrettably such a policy appears no longer possible.

There is even some hostility to the arrival of new industries since, in the absence of a pool of skilled labour, new companies will have to attract their labour from existing factories, possibly causing wage inflation as workers bargain for better pay.

There has of course been some inflow of skilled workers, but this is not as great as was envisaged in the South Hampshire Structure Plan. This is to some extent a result of the high cost of housing in the South East, and its scarcity in the Portsmouth area.

This pressure on housing has been heightened by the arrival of increasing numbers of insurance companies, banks and administrative offices, which have soaked up the available office space and pushed up commercial rents. Two of these companies, Zurich Insurance and Schroder Insurance, occupy large blocks in the city. More housing is expected to result from planned expansion of companies, both small and large, including IBM and GEC-Marconi.

Reclamation

Much of the land used in recent years for industrial and port expansion is the product of reclamation (such as for IBM's headquarters) and this will certainly continue, but a recent windfall has been the release of 50 acres on the site of the old city airport for housing development, and a further 15 acres for new industry.

This will be developed commercially under the watchful eye of the Council. Much of it is expected to be used for expansion of local companies which have already benefited from a council development of nursery units, which is also being encouraged in Hilsea under private developers.

Alongside commercial development, planners are trying not to ignore Portsmouth's tourist potential, although so far it has relied heavily on its historical attractions. There has been discussion for some years about the possibility of building a yachting marina, an obvious development, and now the North Harbour is being considered as a possible site.

The most significant harbour development, however, has been the Council-operated Continental ferry port which opened in mid-1976 after a crash building programme which saw the work completed in 300 days. It has been a success ever since completion.

With Townsend Thorenson, Brittany Ferries and Sealink operating to Cherbourg, Le Havre, St Malo and the Channel Islands, the investment has been fully justified and Ro-Ro and passenger traffic has risen steadily. In 1977 around 340,000 passengers were handled, but by last year this had increased to more than 700,000.

In the past ten years some 6,700 new jobs have been created in the city and 1.75m square feet of purpose-built office space provided, but the old-established activities still provide a solid base. For example shipbuilding, shiprepairing and marine engineering account for nearly 50 per cent of the industrial jobs in the city.

This solid base, plus the creation of nearly 1,000 new jobs a year (mainly in the new industries) during the past decade, has provided Portsmouth with a sound economic structure which should be able to withstand the forthcoming recession without too much trouble.

The Royal Maritime Auxiliary Service's maintenance and support centre at Portsmouth, which won a Financial Times Industrial Architecture Award commendation last year

THE PROPERTY MARKET BY MICHAEL CASSELL

Flats scheme for Town and City block

AFTER AN unsuccessful three-year search for tenants, Town and City Properties plans to sell one of the major office hlocks in its trouhlesome Arndale complex in Manchester, so that it can be converted into flats for rent.

Loss-making T and C, where a painstaking recovery programme is being set back by record interest rates, has decided to call it a day at Fairhairn House, the 15-storey offices building close to Deansgate which forms part of the huge Arndale scheme.

The company and its letting agents have had to work hard to fill any of the space in the six-block "second city office centre" and, though a major breakthrough is now imminent with a 100,000 sq ft Arndale House letting to ICL, no such success seems around the corner for Fairbairn House.

The building comprises 126,000 sq ft of office accommodation and the Northern Counties Housing Association, which this week received planning permission to change it into flats, is apparently prepared and able to contemplate a multi-million pound purchase price as well as heavy conversion costs.

Mr. Jeffrey Sterling, chairman of T and C, confirmed that the negotiations are in progress. Manchester Corporation and the Prudential—which has funded mnch of the Arndale scheme—are also involved.

The officers of Northern Counties will no doubt see the provision of City centre residential accommodation as a significant achievement, though T and C's reaction may be a little more mixed.

The sala will clearly assist a company which has been pursuing an active disposal programme in its attempt to reduce heavy borrowings. It will, no douht, also he glad to rid itself of a growing sonrce of embarrassment in what has been a hopelessly oversupplied office market.

Bnt at the same time, the deal will hardly endorse the original concept of the Arndale scheme as seen by some of T and C's earlier guiding lights and will again serve to underline the patchy history of what, in many respects, has been a disappointing venture.

The Arndale complex provides around 400,000 square feet of office apace in all, with 50 per cent of the total contained in Arndale Honse. A lease for ICL will leave almost half the building vacant and, after taking into account the sale of Fairbairn House, a new T and C plan to use 50,000 square feet of space as an exhibition centre and other lettings to date, as mnch as 75,000 square feet remain empty.

T and C's disappointments, however, remain confined to the office content of the scheme. Arndale also offers 1.3m square feet of retail space, claimed to represant the largest covered shopping centre in the world (outside Chicago), and there has been no reluctance on the part of the traders to taka space.

Ronald Lyon's revival

THE CAREFULLY PACED rehabilitation of Mr. Ronald Lyon, whose private property empire collapsed in 1974 with debts of over £50m, took another step forward this week when be spelled out his objectives and ambitions for the 1980s.

Claridges was the setting for the public return of the irrepressible Mr. Lyon, who said his prolonged period of reticence was simply because he had not, until now, had much to talk about.

By way of compensation for his silence, he gave details of UK schemes in the pipeline and talked about his hopes for re-establishing himself as a force to be reckoned with in the property industry.

The vehicle for Mr. Lyon's re-emergence is Arunbridge, a company he established some while ago and in which some of his colleagues from the old days have found new roles.

At present, tha bulk of the company's income is based on fees being earned by project management contracts carried ont on behalf of Kuwaiti investors, with whom Mr. Lyon bas close connections. But it is clear that this approach represents a device to provide him with a financial base capable of putting him back into the equity participation business.

"The intention is to use project management to generate profits and to gradually switch into development. But I must say onr fee-earning activities are proving remarkably successful and we do not intend to drop them."

The investment value of the developments io which Arunbridge is involved as project manager comes to around £200m, of which £130m represents work on behalf of Kuwaiti investment consortia put together by Artoc Bank and Trust, the Nassau-hased bank with strong Middle East links.

The Kuwaiti investors are behind the proposed Olympic industrial estate, an 18-acre warehouse and industrial complex on a aite developed for the British Empire Exhibition in 1924 and a befty kick from Wembley stadium.

The first pbase of the £14¼m scheme, which is being funded by Clerical Medical and General Life Assurance, will provide 330,000 sq ft of space and should be ready for occupation by the autumn. A second phase has consent for 67,000 sq ft and Arunbridge is also seeking approval for an adjoining 250,000 sq ft office development.

In a deal sufficieotly complex to confuse even Mr. Lyon in his attempt to explain it, a consortium of investors put up by Artoc purchased Wemhley Trust, nwners of the Olympic site. Clerical Medical and General then purcbased the site and granted a long leasebold back to Cranax, an Artoc associate. Under a side-by-side arrangement, CM and G can buy out the Cranax interest when the development is complete. All the development finaoce involved is at fixed interest rates and the completed investment value of the scheme is put at about £55m. Michael Laurie and Knight Frank and Rutley are letting agents.

Artoc is also bebind the recent purchase by Arunbridge of the government-owned Effra site on the south west corner of Vauxhall Bridge. Mr. Lyon said his company will be project managing a development planned to provide around 350,000 sq ft of offices in a scheme which also seems likely to contain retail and residential space. In a comment mindful of the controversy surrounding the nearby European Ferries' "giant," he empbasised that bis office block would be limited to 18 storeys.

Arunbridge is also project managing schemes with an investment value of around £43m for National Management, another Nassau-based group which Mr. Lyon says has no connection with Artoc. Among schemes underway are a £6m refurhishment project in Grosvenor Crescent SW1 and projects at Kew Bridge, Hounslow, Twickeoham and Bristol.

But of equal interest to Mr. Lyon is his — so far — limited involvement in direct development work. At the moment, he believes Arunbridge is involved in schemes worth about £18m, though the figure is clearly set to climb much higher.

Even so, Arunbridge is not going to be rushed, ever mindful that any undue haste could give rise to fears that lessons learned the last time round were being forgotten. Said Mr. Lyoo: "The ground rules have changed. Try getting forward funding for speculative schemes now. The market is far more soundly based and Arunbridge will be likewise."

London hotel back on market

SEA CONTAINERS revealed yesterday that it wants to sell the empty 500-room Kings Reach hotel complex on the south side of London's Blackfriar's Bridge, which it purchased two years ago for £9m.

The U.S.-based shipping and container group bought the south bank complex from Melia Buckley, a joint venture formed between the Spanish Melia hotels gronp and Miller Buckley Investments. When Miller Bnckley went into receivership, the hotel, which was built by the partnership, went up for sale.

Sea Containers has since converted abont 150,000 sq ft of the riverside building for use as its own headquarters and hopes to move in at the end of the year or in early 1981. But is said yesterday that the remaining 450,000 sq ft of space could not be fitted out as planned because of the high cost of funding.

The gronp says it will sell the shell—excluding its own office space—which has been empty since it was finished in October, 1976, or wants a funding partner to help complete it. It is thought the group is looking for a sale price of around £15m and that any purchaser nr partner would have to find £15m to complete the building to five-star standards.

Changing times for international retailing

MR. JIM WILSON, president of the International Council of Shopping Centres, flew into London this week from Montgomery, Alabama — "way down south where we eat grits for breakfost" — and described how the U.S. fuel crisis and inflation generally had knocked a hole through conventional thinking on retail development schemes.

Mr. Wilson, who was opening the fifth annual conference of the ICSC, told over 400 delegates that the heyday of the regional shopping mall with 2m sq ft of selling space may he over in the U.S.

During last year's "gasoline crunch," he claimed, many regional centres saw sales drop hy 25 per cent and, though retail sales have recovered, the lessons learned then are having a profound effect on new development plans.

"We are not going to stop developing but the basic approach is changing. There will be fewer regional malls and they will be smaller, with very few in the 1m sq ft range.

"Smaller neighbourhood shopping centres closer to centres of population seem much more likely and the store units themselves will get smaller because of bigh building and energy costs. At the same time, many old shopping centres in inner cities and urban areas could be redeveloped."

Bnt despite the short-term problems, Mr. Wilson says he is optimistic about U.S. retailing in the next decade. He firmly believes there is plenty of opportunity for foreign investment in the U.S. retailing sector — particularly in view of the rapid spread of so-called percentage leases which provide for annual adjustments to rentals.

As for the UK, where out-of-town regional centres remain the exception, the trend towards smaller-scale town centre redevelopments is set to continue, according to Ian Northern of Capital and Counties, who said 26 such centres were under way last year, only four of which were over 200,000 sq. ft.

"The problem is cost inflation, not for completed centres representing fixed investments with rising incomes, but on new schemes. While rents have recently more than kept pace with building costs, the pattern is changing fast and medium-term yields on new developments may be unsatisfactory. It remains to be seen whether more UK funds and developers heed Mr. Wilson's clarion call and look for better propositions on the other side of the Atlantic.

● Peachey Property Corporation has bought an industrial estate in Nuneaton for £1.2m. The town centre complex occupies 100,000 sq ft of space and the price paid for the freehold interest shows Peachey an initial return of about 8 per cent, with substantial rent reviews over the next four years. Peachey were represented by Redgwell and Harris, Goldstein Leigh and Jonathan Joseph.

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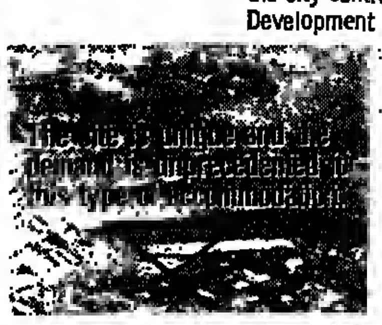

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Collier & Madge, Chartered Surveyors and Property Consultant, 5 St. Bride Street, London EC4A 4DE. 01-353 9161.
Conrad Ritblat & Co., Consultant Surveyors and Valuers, Plantation Hse., Fenchurch St., EC3. 01-623 9116.
Hampton & Sons, Skinners Hall, 8 Dowgate Hill, London, EC4. 01-236 7831.
Michael Kalmer & Co., Chartered Surveyors and Industrial Property Specialists, 181 Queen Victoria Street, EC4. 236 6871.
J. Trevor & Sons, Estate Agents, Surveyors and Valuers, 85 London Wall, EC2. 01-628 0735. Also Mayfair and Manchester.
Smith Melzack, Surveyors, Valuers and Estate Agents, 17 St. Helen's Place, EC3. Tel: 01-638 4591.
WEST CENTRAL
Lander Burfield, Chartered Surveyors, 75, Shoe Lane, Fleet St., London EC4A 3BQ. Tel: 01-353 7841, Telex: 23862.
Robert, Irving & Burns, Office, Com. & Ind. Specialists, 23-24 Margaret St., W1N 8LE. 01-637 0821.
Bradleys Estate Agents, Valuers & Surveyors, 27 James Street, London W1.
Chestertons, Chartered Surveyors and Estate Agents, West End Offices, Factories, Warehouses, etc., 75 Grosvenor Street, W1X 1LB. 01-499 0404.
Connells Commercial, Estate Agents, Valuers and Surveyors, 62 Grosvenor Street, W1X 9DA. 01-492 4932.
Conrad Ritblat & Co., Consultant Surveyors and Valuers, Milner House, 14 Manchester Sq., W1M 6AA. 01-935 4499.
Harrison & Partners, Office Specialists, 57 Blandford St., W1H 3AF. 01-486 8121.
Harron & Partners, 30a Sackville St., W1. Tel: 437 2781.
Meadow Schama & Company, 79e Park Street, W1. 01-493 8892.
Raiff Oiner & Co. (Office and Commercial Property Specialists), 179 New Bond Street, W1Y 0FD. 01-491 3154.
Ian Scott & Co., Estate Agents and Surveyors, Berkeley House, 20 Berkeley Street, London, W1. 01-493 9911.
Smith, Melzack, Surveyors, Valuers and Estate Agents, 17/18 Old Bond Street, W1. Tel: 01-439 0531.
SOUTH WEST
James Andrew & Ptnrs., Consultant Surveyors and Estate Agents, 62 Pall Mall, London, SW1Y 5HZ. 01-839 4436.
Hampton & Sons, 6 Arlington Street, London, SW1. Tel: 01-493 8222.
NORTH
Michael Berman & Co., Shop, Office & Industrial Specialists, 358 Regents Park Road, Finchley, N3. 01-349 9211.

MERSEYSIDE
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Ramsey Murdock & Partners, Commercial, Property and Investment Valuers, Derby House, Exchange Flags, Liverpool. 051-236 1448.
R. F. Spark & Co., 9 Queen Ave., Dale St., Liverpool L2 4UZ. Tel: 051-236 0685.
Riding & Co., Industrial and Commercial Property Consultants, Estate Agents and Valuers, 2nd Floor, Martins Buildings, 4 Water Street, Liverpool L2 3SP. Tel: 051-227 3314/5.

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Rogers, Chapman, Industrial, Commercial, Surveyors and Property Consultants, The Lodge, Harmondsworth, West Drayton. 01-759 0966.
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Arthur Payne & Co., Commercial Property Agents. 01-863 6797/9751.
HOUNSLOW
Horne & Sons, Chartered Surveyors, 181 High Street. Tel: 01-570 2244.
STAINES
Richard Brampton & Co., Surveyors, Agents and Valuers, 25 Windsor Road, Wraysbury. Tel: Wraysbury 2288.
Emmitt Rathbone, Commercial/Industrial and Residential Surveyors, Valuers and Estate Agents, 15 Clarence Street, Staines. Tel: Staines 59321.

NORTH EAST
Storey Sons & Parker, Chartered Surveyors, Newcastle 0632 20291, Middlesbrough 0642 248301, Stokesley 0642 710583, Morpeth 0670 57393.

NOTTINGHAMSHIRE
MANSFIELD
Walker, Walton, Hanson, Chartered Surveyors, Estate Agents, Auctioneers, Commercial and Industrial Property, Plant and Machinery. Sale and Valuations. 45 Stockwell Gate, Mansfield (0623) 35427.
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Cavanagh William H. Brown, Rent Reviews, Valuations, Acquisitions, Sales, Lettings. 97 Friar Lane, Nottingham. Tel: (0602) 40747. Also at Newark, Grantham, Leicester, Lincoln, London.
Hallam Brockott & Co., Chartered Surveyors. For advice on all types of commercial and industrial property throughout Nottingham and the East Midlands. 8, Low Pavement, Nottingham NG1 7DR. Tel: (0602) 51414. Telex 37273
Walker, Walton, Hanson, Chartered Surveyors, Estate Agents, Auctioneers, Commercial & Industrial Property, 5 Byard Lane, Bridlesmith Gate, Nottingham (0602) 54272 and at 45 Stockwell Gate, Mansfield (0623) 35427.

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Stiles, Horton, Ledger, Surveyors, 6 Pavilion Buildings, Brighton. Tel: 21661, and at Hove 720771, Eastbourne 36244, Worthing 37992 and Crawley 516661.
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John, Stickley Commercial, Chartered Surveyors, 14 Brighton Road. Tel: 26425.
HAYWARD'S HEATH
Geering & Colyer, Chartered Surveyors, 133 South Road, Hayward's Heath. Tel: (444) 57311.
HORSHAM
King & Chasemore (Commercial). Carfax, Horsham. Tel: (0403) 64441.

WILTSHIRE
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WALES
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Eadon Lockwood & Riddle, Chartered Surveyors, Property Consultants, Sales and Advice in connection with Commercial & Industrial Properties, Portfolio, Property Management Investment, 6a, Campo Lane, Sheffield S1 2EF. Tel: 71277. Telex: 547490 ELR.

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Burnett (F. G.), Chartered Surveyors, Valuers & Estate Agents, 33 Albyn Place, Aberdeen AB9 8SA. Tel: (0224) 572661.
James R. Thomsen (Properties) Ltd., 23 Crown Street, Aberdeen AB1 2HA. Tel: 0224 52466.
Webster & Co. (Chartered Surveyors), 60 Union St. AB1 1SB (0224) 52687/8.
EDINBURGH
Hillier Parker May & Rowden, 5 Charlotte Sr. South, Edinburgh. Tel. 031-225 5985
Kenneth Ryden & Ptnrs., 71 Hanover St., Edinburgh. Tel: 031-225 6612.
GLASGOW
Kenneth Ryden & Partners, 121 West George St., Glasgow. Tel: 041-221 8591.
Webster & Co., 21 West Nile St., Glasgow. Tel: 041-204 0771.

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Weatherall Green & Smith, Chartered Surveyors / Estate Agents, 22 Chancery Lane, London, WC2. Tel: 01-405 6944, 24 Austin Friars, London EC2. 01-638 9011.
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COMPANY NOTICES

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14th March, 1980

UNION CORPORATION GROUP

Annual General Meetings

The Annual General Meetings of the undermentioned Companies (all of which are incorporated in the Republic of South Africa), will be held at Union Corporation Building, 74-78 Marshall Street, Johannesburg, on the date and times mentioned below:

Name of Company	Date and times of Meetings
The Grootvlei Proprietary Mines Limited	Friday, 11 April, 1980, at 9.30 a.m.
Marievale Consolidated Mines Limited	Friday, 11 April, 1980, at 10.15 a.m.
U.C. Investments Limited	Monday, 21 April, 1980, at 12.15 p.m.

London Secretaries:
Princes House,
95 Gresham Street,
London EC2V 7BS.

per pro UNION CORPORATION (UK) LIMITED
London Secretaries
L. J. Baines.

BARLOW RAND LIMITED

PREFERENCE DIVIDEND No. 08

NOTICE IS HEREBY GIVEN that a preference dividend at the rate of 6% per annum for the half year ending 31 March 1980 (amounting to six cents per preference share) has been declared payable to all preference shareholders registered at the close of business on 3 April, 1980.

The transfer books and register of preference shareholders will be closed from 4 to 11 April, 1980.

Dividend warrants will be posted to shareholders on or about 30 April, 1980.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:

(a) Persons, other than companies, not ordinarily resident nor carrying on business in the Republic;
and
(b) companies which are not South African companies.

The company will accordingly deduct the tax from dividends payable to shareholders, whose addresses in the preference shareholders' register are outside the Republic, at the rate of 14.0706 per cent.

By Order of the Board,
W. C. WARRINER,
Group Secretary.

Registered Office:
Barlow Park
Katherine Street
Sandton
2196
South Africa
Postal Address:
PO Box 782248
Sandton
2146
Republic of South Africa
Transfer Secretaries:
Rand Registrars Limited
2nd Floor Devonshire House
49 Jorissen Street
Braamfontein
2001
South Africa
Postal Address:
PO Box 31719
Braamfontein
2017
Republic of South Africa
14 March, 1980

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

7% DEBENTURE STOCK, 1980-83

NOTICE IS HEREBY GIVEN that the REGISTERS of the CORPORATION'S above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 1st to 14th April, 1980, both days inclusive.

By Order of the Board,
H. J. McTURK, Secretary.
49 Palmerston Place,
Edinburgh EH12 5BR,
14th March, 1980.

US$30,000,000 Negotiable Floating Rate Certificates of Deposit due 14th September, 1981

THE BANK OF YOKOHAMA, LIMITED LONDON

In accordance with the provisions of the Certificates, notice is hereby given that for the six months interest period from 14th March, 1980 to 15th September, 1980 the certificates will carry an interest rate of 18⅛% per annum. The relevant interest payment date will be 15th September, 1980.

Kleinwort, Benson Limited
Agent Bank

BANQUE LOUIS-DREYFUS

Floating Rate Notes due 1983
US$ 20,000,000

Notice is hereby given that the rate of interest for the period from March 12, 1980, to September 12, 1980, has been fixed at 19¹⁄₁₆% p.a.

The Trustee,
FINIMTRUST S.A.

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 139th Annual General Meeting of the Association will be held in the Conference Hall, Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7HY, on Friday, 11 April 1980, at 12.30 pm, to include the following:

1. To adopt the Report and Accounts for 1979.
2. To re-elect Mr. James Edward Alexander Rondell Guinness as a Director of the Association.
3. To re-elect Mr. Colin Edward Hughes as a Director of the Association.
4. To re-elect Mr. Brian Richardson as a Director of the Association.
5. To re-appoint Pannell Fitzpatrick & Co. as auditors of the Association to hold office until the conclusion of the next Annual General Meeting.

G. W. STIRLING, Secretary.
14 March 1980.

TATE & LYLE, LIMITED

NOTICE TO HOLDERS OF BEARER SHARE WARRANTS

Notice is hereby given to holders of Bearer Warrants for ORDINARY STOCK of the Company that a final dividend on the Ordinary Stock of 4.00p net in respect of the year ended 30th September, 1979, will be paid on or after 3rd April, 1980, to holders of Bearer Warrants upon presentation of Coupon No. 46.

Warrant Holders who are employees or pensioners of Tate & Lyle, Limited, or of one of its Associated Companies, should follow the instructions to be distributed and displayed on the Companies' Notice Boards.

Warrant Holders who are not employees or pensioners of Tate & Lyle, Limited must present their coupons to the Company at the address shown below on or after 3rd April, 1980.

J. E. WRIGHT,
Secretary.

11th March, 1980.
Sugar Quay,
Lower Thames Street,
London, EC3R 6DQ.

DE BEERS CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF DEFERRED SHARE WARRANTS TO BEARER
PAYMENT OF COUPON No. 64

With reference to the notice of declaration of dividend advertised in the Press on 12th March 1980, the following information is published for holders of share warrants to bearer.

The dividend of 52.5 cents per share was declared in South African currency. South African non-resident shareholders' tax at 7.875 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 44.625 cents per share.

The dividend on bearer shares will be paid on or after 25th April 1980 against surrender of coupon No. 64 detached from share warrants to bearer as under:—

(a) At the office of the following Continental paying agents:

Banque Rothschild
21 Rue Laffitte
Paris 75009

Banque Bruxelles Lambert
2 Rue de la Regence
1000 Brussels

Societe Generale de Banque
3 Montagne du Parc
1000 Brussels

Credit Suisse
Paradeplatz 8
Zurich

Union Bank of Switzerland
Bahnhofstrasse 45
Zurich

Swiss Bank Corporation
1 Aeschenvorstadt
Basle 4002

Banque Internationale a Luxembourg
2 Boulevard Royal
Luxembourg

Payments in respect of coupons lodged at the office of a Continental paying agent will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the Continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the Continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in United Kingdom currency either:

(i) in respect of coupons lodged prior to 11th April 1980, at the United Kingdom currency equivalent of the rand currency value of their dividend on 15th April 1980 or;
(ii) in respect of coupons lodged during the period 11th April 1980 to 16th April 1980, both days inclusive, at the United Kingdom currency equivalent of the rand currency value of their dividend on 21st April 1980 or;
(iii) in respect of coupons lodged on or after 17th April 1980 at the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10 am and 3 pm.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 36.75 cents per share arrived at as follows:

	South African Currency Cents per Share
Amount of dividend declared	52.500
Less: South African Non-Resident Shareholders' tax at 15%	7.875
	44.625
Less: UK income tax at 15% on the gross amount of the dividend of 52.5 cents	7.875
	36.750

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. Greensmith

London Office:
40 Holborn Viaduct
EC1P 1AJ
13th March 1980

NOTE—The Company has been requested by the Commissioners of Inland Revenue to state:—

Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

HARMONY GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
A MEMBER OF THE BARLOW RAND GROUP

DIVIDEND DECLARATION

NOTICE IS HEREBY GIVEN that DIVIDEND No. 47 of 165 cents per share has been declared in South African currency, as a final dividend in respect of the year ending 30th June, 1980, payable to members registered in the books of the company at the close of business on 28th March, 1980. The register of members will be closed from 29th March to 7th April, 1980, inclusive, and dividend warrants will be posted on or about 8th May, 1980.

The rate of exchange at which the dividend will be converted into United Kingdom currency, for payment by the United Kingdom Registrars and Transfer Agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 29th March, 1980 on which foreign currency dealings are transacted.

Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the offices of the company in Johannesburg or in the United Kingdom.

By Order of the Board
RAND MINES, LIMITED
Secretaries
per A. H. KNOESEN

Registered Office:
15th Floor, 63 Fox Street,
Johannesburg 2001
(PO Box 62370, Marshalltown, 2107).
United Kingdom Registrars and Transfer Agents:
Charter Consolidated Limited,
PO Box 102
Charter House
Park Street,
Ashford, Kent, TN24 8EQ.
Office of the Company in the United Kingdom:
Charter Consolidated Limited
40 Holborn Viaduct
London EC1P 1AJ.
13th March, 1980.

PUBLIC NOTICES

BERKSHIRE COUNTY COUNCIL BILLS
£10m due 12.6.80 issued 13.3.80. Average £95.95. £67.5m applications. £20m outstanding.

DEPARTMENT OF TRANSPORT
TOWN AND COUNTRY PLANNING ACT 1971

The Minister of Transport hereby gives notice that he has made an order under S. 209 of the above Act entitled "The Stopping Up Of Highways (City Of London) (No. 1) Order 1980" authorising the stopping up of a length of Crosby Square, EC3 and requiring the provision of new highways.

Copies of the Order may be obtained, free of charge, on application to the Department of Transport, St. Christopher House, Southwark Street, London SE1 0TE (quoting GLRT39/5002/7/080) and may be inspected at all reasonable hours at the Guildhall, London EC2P 2EJ.

Any person aggrieved by the Order and desiring to question the validity thereof, or of any provision contained therein, on the ground that it is not within the powers of the above Act or that any requirement of that Act or any regulation made thereunder has not been complied with in relation to the Order, may, within 6 weeks of the 14th March 1980 apply to the High Court for the suspension or quashing of the Order or of any provision contained therein.

R. S. WILSON
An Assistant Chief Engineer

HAMPSHIRE CORPORATION BILLS
£17,000,000 Bills issued 14th March 1980 at 18.946% to mature 11th April 1980. Applications £107,800,000. Outstanding £40,300,000.

METROPOLITAN BOROUGH OF CALDERDALE
£1,000,000 Bills issued on 12 March 1980 due 11 June 1980 at 16⁷⁄₁₆%. Total application £6,500,000. Bills outstanding £1,000,000.

OXFORDSHIRE COUNTY COUNCIL
£13½m Bills issued 12th March 1980 due 11th June 1980. £2½m at 16⁵⁄₁₆%, £5m at 18 15/64%, £6m at 18¼%. Applications totalled £62m. Bills outstanding £13½m.

PERSONAL

SEND YOUR TRIBUTE in a form that never fades—with a donation to help old people in need. Help The Aged, Room FTB, 32 Dover Street, London W1E 7JZ.

IN BEREAVEMENT

IN BEREAVEMENT—Send your tribute in a form that never fades—with a donation to help old people in need. Help The Aged, Room FTB, 32 Dover Street, London W1E 7JZ.

COMMODITIES AND AGRICULTURE

USSR meat purchase up

MOSCOW — Soviet Union state meat and poultry purchases for the first two months of 1980 were up by 12 per cent compared with the same period last year, the Communist Party newspaper Pravda said.

Western agricultural experts said the purchases would seem to reflect greater slaughter of livestock, which they attributed to last year's drought which hit grain and forage crops, mainly in European Russia.

The experts did not link the slaughter to the U.S. embargo on cattle feed grain to the Soviet Union. The U.S. has halted the export of 17m tonnes of grain as a retaliatory move for Soviet intervention in Afghanistan.

Pravda said state buying of meat and poultry from state and collective farms in the southern republic of Kirgizia was up by 47 per cent and in the Russian federation, Moldavia and Kazakhstan from 20 to 26 per cent.

In Washington, meanwhile, a private research report said average grain production in the USSR will reach an estimated 234.3m tonnes a year from 1980 to 1985, below the preliminary Soviet goal of 238m to 243m tonnes.

It said the Soviet goal to produce 235m tonnes of grain this year will be reached only if the weather turns out to be exceptionally favourable.

Reuter

Rubber market reviews rules

LONDON — Rubber futures limit fluctuations are to be increased to 3p per kilo from the present 2p and the mandatory closure period following a limit movement will be reduced to 15 minutes from the present 30 minutes, from April 1, the London Rubber Terminal Market Association said.

In view of the recent rapid price fluctuations, the committee has been reviewing the provisions of trading rules governing limit fluctuations, it added. The proposed changes take effect from April 1 in the absence of any formal opposition.

● The Malaysian rubber exchange is planning to introduce a second futures contract, based on standard grade to complement the present contract based on high grade RSS 1, Mr. Datuk Paul Leong, the Minister of Primary Industries has announced.

Cash boost for UK fishermen

BY RICHARD MOONEY

THE GOVERNMENT has announced a £3m cash boost for Britain's beleaguered fishermen.

Mr. Peter Walker, the Agriculture and Fisheries Minister, said in the House of Commons yesterday that £2m of the money would be paid directly to the industry through the fish producers' organisations (FPOs) with the other £1m being used to finance exploratory voyages to find new catching opportunities for British fishermen.

The aid scheme will run for six months from April 1.

A spokesman for the British Fishing Federation said the aid was "a welcome gesture" but that it was too little to make much difference to the plight of the UK industry.

"It worked out about 1p a £1 on the value of the British catch," he said. "Our German competitors are reported to be getting about £20m in subsidies over two years."

Mr. Walker said the £2m could be used for various purposes including maintaining support prices (which are administered by the FPOs); providing laying up premiums; offsetting harbour dues; and financing programmes to improve grading, handling and sales promotion of fish.

He said the scheme was the result of detailed discussions with industry representatives. "The Government was urged to act quickly. This we have done. We believe that our proposals taken together will benefit the great majority of fishermen."

Commenting on the scheme Mr. Alick Buchanan-Smith, Minister of State for Agriculture and Fisheries, said it demonstrated the attitude of partnership between the Government and the fishing industry by giving the FPOs wide discretion on how the money should be spent.

The money is to be shared between the nine organisations in accordance with the catching performance of their members in recent years. Meetings will be held next week to discuss spending plans in more detail.

Tin prices tumble

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES tumbled on the London Metal Exchange yesterday inspite of the announcement of a 10 per cent rise in the International Tin Agreement's "floor" and "ceiling" levels.

Cash tin dropped by £370 to £7,625 a tonne — making a loss of £725 from the all-time peak of £8,350 reached only a week ago. The fall in tin was partly in line with the general decline in metals, led by gold and copper. But much of the loss came after the announcement about the rise in the Agreement price range.

Some traders are believed to have expected a rather bigger rise in the range. Producers had sought an increase of 15 per cent but it was finally agreed to raise the "floor" price from $M1,500 to $M1,650 a picul (of 133.3 lbs) and the "ceiling" from $M1950 to $M2,145. The middle range, at which the buffer stock is not allowed to operate without special permission was fixed at $M1,815 to $M1,980.

The new "ceiling" is still wel below the present market price, which rose in Penang overnight by $M57 to $M2,377. However there is some apprehension that prices will come back sharply when the U.S. stockpile releases start in July. Althouhg the U.S. has promised not to disrupt the market, it would hardly be accused of doing so unless prices moved into the lower part of the buffer stock range—$M1,650 to $M1.815.

It was noted that the Tin Council's stastistics committee is forecasting a small surplus of tin production. In addition talks are going on about hte U.S. plan to stockpile tin as its voluntary contribution to the Council's buffer stock.

If tin is accepted, it would have to besold imediately if market prices remained at present levels. However, it is now proposed the U.S. should only make an initial contribution of 1,500 tons of tin to the buffer stock.

All these factors encouraged heavy selling by speculators, who already appear to be somewhat disillusioned with metals. Apart from the sharp falls in precious metals, copper was also hard hit again. Cash wirebars plunged by £69.5 to close at £1,005.5 a tonne. This compares with a peak of £1,372 reached only a month ago.

Moves in futures plan for gold

LONDON bullion dealers are to incorporate a company, Precious Metal Exchange as a first step towards a London gold futures market and would welcome the London Metal Exchange as partners, Mr. Robert Guy, director of N. M. Rothschild revealed yesterday.

In a speech prepared for delivery to the Japan Gold Metal Association, Mr. Guy said the five bullion dealers — Samuel Montagu, Sharps Pixley, Mocatta and Goldsmid, Johnson Matthey Bankers and N. M. Rothschild— have been drafting regulations for the new market.

The LME had a positive contribution to make in drafting rules. In his personal view a gold futures market would eventually be established in London, and he anticipated the gold market will make definite proposals in the near future.

Sugar market down

By Our Commodities Staff

WORLD sugar futures traded briefly yesterday below £200 a tonne for the first time since January, following further tenders of physical sugar against the March contract.

The May contract traded between £232.00 a tonne and £212.00, closing near the bottom at £215.75, £11 below the previous close.

Dealers said the fall reflected availability of prompt raw and white sugar held by operators and offered at discounts to futures. The fall was also influenced by a certain amount of speculator selling.

Apart from lower asking prices for EEC white sugar, dealers said the price was depressed by dealer-owned Brazilian white sugar available at lower levels still.

Formal buying tenders for white sugar are due next week in Syria and Bangladesh.

Decline in UK butter stocks

THE DECLINE in UK intervention stocks of butter continued last month, figures published by the Intervention Board for Agricultural Produce (IBAP) show.

Sales out of IBAP stocks in February totalled 1,798 tonnes compared with purchases of only 43 tonnes. This took the stock total down to 27,378 tonnes.

LAMBING

A good start to the season

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

I HESITATE to say anything either derogatory, or the reverse, about the British climate in these pages. Experience has taught me that as soon as the article is published there is an immediate change—usually for the worse.

I remember one spring about 10 years ago when motoring up to Edinburgh I heard on the one o'clock news that there had been heavy snowfalls in the South of England. Now on the very next day a laudatory article about an early spring was due to appear full of examples of thriving lambs and green grass. A swift telephone call was needed to make a hasty correction.

Mild weather

But that being said I must give the highest praise to the winter through which we have been passing. It has been on the whole mild, and while the rainfall has been average it has been concentrated into very short bursts of utter horror, followed by long dry or dryish periods.

The main beneficiaries have been the ewes. The mild weather has meant that grass never really stopped growing, and the absence of persistent rain helped them maintain their condition better than any amount of supplementary feeding ever can.

This has meant that I fed no hay until after Christmas and not a great deal since. I was also fortunate in securing keep on various local farms where the owners had grown more kale than they were able to use themselves.

Kale will usually be killed by frost after the turn of the year, or at any rate by the end of January. But some of my ewes are still on some which they will finish this week and are still finding it appetising. Incidentally, the kale in Hampshire has survived better than that I saw in the Loire Valley in France last week. A reversal of the usual state of affairs.

I lamb my ewe flock in three parts: the majority of them, the young middle aged, start late in February, the old matrons on about March 12 and the young ones, those lambing for the first time, on about March 25 when the days are longer so that there is more time to deal with their very non-maternal antics when necessary.

The first 500 have almost finished and have produced the best crop of lambs I have ever had. Much of course is due to management by my shepherd, but conditions at mating must have been just right and the proportion of triplets has equalled the number of singles.

This happy state of affairs will not of course be borne out in the final result. There are always losses, and in the end the lambing percentage is determined by the number of lambs sold in relation to the number of ewes mated.

It has been my experience over many years that in a big flock as mine is—1,200 ewes—10 per cent will not rear lambs.

The figures go roughly like this: deaths through the year will be 4 per cent, barren ewes amount to another 4 per cent and 2 per cent will not rear their lambs for some reason or other. So in order to make a percentage of, say, 200 per cent something over 210 per cent would have to be born and reared. My own percentage reared and sold has varied from 145 per cent last year to more than 180 per cent in a favourable year.

The mild weather in February has meant that there has been enough grass in the fields we are lambing in to be able to stop feeding the ewes in the crucial first two or three days of the lamb's life. In a bad spring the ewes wil often leave their lambs when they see the Land-Rover with the feed, and every now and then lambs get lost and mismothered.

Mismothering

Mismothering is the curse of a heavy lambing, and it often happens like this: When a ewe is actually lambing another ewe in the initial stages of labour will often go to her and take to her own lamb as she goes down to have the next. Then when they themselves drop their lambs they refuse to take any notice of them, and stick to those they have pinched.

My flock lambs out of doors, and quite often there are a whole heap of lambs to be sorted out as soon as it is daylight. This can be done with patience. But if the worse comes to the worst the offending ewes can be taken in, and made to adopt their lambs.

I normally take off one of a triplet and put it to one that has a single. But the number of triplets has been such this year and the lambs are so strong, that I have left most of them running.

Many farmers now lamb indoors, and claim much better results. But I have so far resisted this, partly on the grounds of expense—you need about twice the labour—but mainly because of the danger of disease spreading in the crowded conditions. I must admit that last spring I almost changed my mind and could have brought them in if necessary.

As it is though, I do have quite an elaborate survival unit in a barn with individual pens for about 50 ewes, into which we put all the problem parents and their offspring.

There are always difficult cases, and looking after this unit is a full time job, suitable for those too elderly to catch a ewe in the field, a category I am myself fast approaching.

As I said, my first batch has almost finished and the next is already starting, and so far things are going well. To have even half a job satisfactorily concluded is something to write home about. May the next three weeks be as kind.

Federal moves to settle wool dispute

BY PATRICIA NEWBY IN CANBERRA

CANBERRA, — The Federal Government has called a conference today between representatives of woolgrowers, brokers and the Government in an attempt to end the nine-week Australian wool dispute, a spokesman for the national farmers' federation said.

The Deputy Prime Minister and Trade Resources Minister Mr. Doug Anthony and Industrial Relations Minister Mr. Tony Street will represent the Government.

Talks between the storemen and packers' union and the Woolbrokers Federation yesterday were reported to have made "some progress." The dispute is holding up the sale of about A$500m (£250m) worth of wool

However, Mr. Simon Crean, the federal secretary of the union said the dispute had still not been resolved, and accused the brokers of not being serious in their negotiations.

He said the union had presented a plan which would enable wage increases to be implemented over a period of time on a tiered basis. The union also offered to extend the life of the contract if the brokers agree to phasing in the higher wages.

The brokers have offered wage increases from April next year but nothing at present above the A$8 (£4) granted by the Arbitration Commission earlier this year. The union is seeking over-award payments to bring the rises up to A$12.50 to A$15.90 granted by Mr. Justice Staples in the Arbitration Commission before his decision was overturned by the full bench on appeal from the wool brokers.

The Government and employers in general are backing the brokers in their opposition to granting the earlier rises, as they fear it might lead to higher wage rises throughout industry and would be a severe blow to the authority of Australia's wage fixing authority the

Meanwhile the National Farmers Federation has bitterly attacked the Government for not taking action against the union and has announced plans for moving the wool using non-union labour.

The federation has threatened to close wool stores in centres other than Sydney and Melbourne to dry up the finance coming from union members in other states who are supporting the strikers. Then the wool growers and their supporters would storm the strike-bound stores and move the wool themselves.

Most observers believe such a plan would fail because of picket lines that would be established to stop non-union labour entering the stores and because of boycotts by other unions, such as the Waterside Workers' Federation which have to handle the wool before it can be exported.

BRITISH COMMODITY MARKETS

COPPER—Sharply lower on the London Metal Exchange reflecting the renewed strength of the dollar. After opening around the £1,050 level forward metal edged up to £1,056 on modest covering but thereafter came under heavy stale bill liquidation which triggered stop-loss selling and depressed the price to £1,007 on the morning kerb. Good support developed at this level and the price rallied to £1,016 by the close of the morning. In the afternoon a lower-than-expected opening on Comex led to fresh selling in London and forward metal dipped below £1,000 before rallying to close the late kerb at £1,016.5. Turnover, 43,075 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1002-4	-76.5	1006-6	-69.5
3 months	1017-8	-72	1019.5-20	-66.7
Settlem't	1004	-75	—	......
Cathodes				
Cash	968-9	-80	970-2	-66.5
3 months	988-5	-78	996-8	-63.5
Settlem't	852	+48	—	......
U.S. Prod	—	......	*98.3	-115

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £1,042, 41, 40, 39, 35, 30, 26, 27, 28, 30, 29, 28, 27, 25, 24, 23, 25, 24, 23, 22, 21, 20, 19, 17. Cathodes, cash £970, 69. Kerb: Wirebars, three months £1,015, 14, 12, 13, 12, 11, 10, 08, 10, 11, 10, 07, 11, 12, 13, 14, 15, 16. Afternoon: Wirebars, three months £1,000, 01, 2, 3, 5, 8, 10, 13, 18, 20, 18, 19, 20, 19.5, 19, 20, 18, 19, 17, 14, 18, 18, 20, 19, 18, 19, 20, 18.

TIN—Fell heavily in hectic trading. The sharp rise at Penang saw forward metal open higher at £8,040 but the price eased back on nervous selling, ahead of the outcome of the ITC meeting to trade around £7,930. The ITC news coupled with the weakness of copper prompted further selling and the price dipped to £7,870 on the morning kerb. In the afternoon heavy selling from one quarter sent the price sharply lower to £7,500 at one point but this level attracted sizeable physical demand which caused a rally to £7,800 before a close on the late kerb of £7,750. Turnover, 2,440 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7950-40	-17.5	7600-50	-370
3 months	7950-40	-10	7680-700	-402
Settlem't	7940	-15	—	......
Standard				
Cash	7950-40	-17.5	7600-50	-370
3 months	7930-40	-10	7680-700	+87.5
Settlem't	7940	-15	—	......
Straits E.	$2377	+57		......
New York	—	......		......

Morning: Standard, cash £7,900, 30, three months £7,950, 10, 40, 30. Kerb: Standard, three months £7,880. Afternoon: Standard, three months £7,800, 7,700, 7,800, 7,550, 7,500, 50, 7,650, 7,700, 10, 20, 7,700. Kerb: Standard, three months £7,700, 50, 7,800.

LEAD—Lost ground along with other metals with forward metal dipping from £461 on the pre-market to the [illegible] noon prior to rallying to close the afternoon kerb at £458.5. A feature of the day's trading was heavy buying during the second morning ring when large tonnages changed hands. Turnover, 12,725 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	[illegible]		[illegible]	
3 months	[illegible]		[illegible]	
Settlem't	[illegible]			
U.S. Spot	[illegible]			

[illegible]

ZINC—[illegible]

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	[illegible]		[illegible]	
3 months	[illegible]		[illegible]	
S'ment	[illegible]			
Primw'ts	[illegible]			

[illegible]

ALUMINIUM—[illegible]

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	[illegible]		[illegible]	
3 months	[illegible]		[illegible]	

[illegible]

NICKEL—[illegible]

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	[illegible]		[illegible]	
3 months	[illegible]		[illegible]	

[illegible]

SILVER

[illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	[illegible]		[illegible]	
3 months	[illegible]		[illegible]	
6 months	[illegible]			
12 months	[illegible]			

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

COTTON

[illegible]

WOOL FUTURES

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

MEAT/VEGETABLES

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 13 1980	+ or —	Month ago
[illegible]			

AMERICAN MARKETS

NEW YORK, March 13.

A NEW rise in the Prime Lending Rate plus anticipation of further restrictive moves by President Carter led to massive long liquidation in most major markets. Gold, silver, sugar and cotton were down the limit on panic liquidation. Copper, cocoa and coffee suffered heavy losses. Grains and soyabeans sold off moderately under steady commercial liquidation. The livestock complex was the only exception to this pattern with all markets finishing higher, reported Heinold.

Potatoes (round whites)—April 46.5-47.0 (49.0), May 56.0-56.9 (58.2), Nov. 74.5-74.2. Sales: 587.

Sugar—No. 11 May 18.80-19.90 (20.24), July 21.57 (22.57), Sept. 22.60, Oct. 23.08, Jan. 23.55, March 24.08, May 24.00, July 24.15. Sales, 25,417.

Tin—820.00-835.00 asked (845.00-851.00).

CHICAGO, March 13.

Lard—Chicago loose 19.50 (same). New York prime steam unavailable.

Live Cattle—April 69.05-68.95 (69.45), June 71.70-71.80 (70.90), Aug. 71.45-71.35, Oct. 70.20-70.10, Dec. 71.38-71.05, Jan. 71.50, Feb. 71.65.

Live Hogs—April 36.10-36.05 (35.97), June 41.05-41.15 (40.80), July 42.35-42.25, Aug. 41.65-41.70, Oct. 41.95-41.15, Dec. 44.05-44.15, Feb. 46.40, April 45.20, June 47.20.

‡‡Maize—March 260-260¼ (262¼), May 270½-270¾ (273¼), July 283¾-283½, Sept. 294¼-294½, Dec. 304½-304¼, March 317½-317¼.

Pork Bellies — March 42.40-42.50 (41.45), May 44.05-44.50 (42.90), July 45.65-45.50, Aug. 43.90-44.20, Feb. 54.20, March 54.50, May 55.50, July —, Aug. —.

Silver—March 2540.0 (2950.0), April 2570.0 (2975.0), June 3095.0, Aug. 3155.0, Oct. 3215.0, Dec. 3270.0, Feb. 3330.0, April 3395.0, June 3450.0, Aug. 3510.0, Oct. 3570.0, Dec. 3630.0, Feb. 3690.0, April 3750.0, June 3810.0, Aug. 3870.0.

†Soyabeans—March 612½-613 (625), May 635-634 (644½), July 659-658, Aug. 668½-669½, Sept. 677-678, Nov. 691½-690½, Jan. 708-708½, March 727-726.

‖Soyabean Meal—March 169.20-168.50 (169.60), May 175.10-175.20 (176.70), July 182.00, Aug. 185.10-185.30, Sept. 188.50-188.60, Oct. 190.50-191.00, Dec. 194.50, Jan. 197.00-196.50, March 201.50-202.00.

Soyabean Oil — March 22.00-21.95 (22.45), May 22.34-22.37 (22.88), July 22.90-22.85, Aug. 23.20-23.15, Sept. 23.45-23.50, Oct. 23.80, Dec. 24.15, Jan. 24.30, March 24.55, May 24.95.

†Wheat—March 426 (429¾), May 435½-435 (438¼), July 441-440, Sept. 451½, Dec. 468-468½, March 481.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, March 13.

Wheat—U.S. No. Two Red Winter May $195, June $191, July $190, Aug. $193. U.S. No. Two Northern Spring 14 per cent March $202, April $199, May $197, June $198.50. Rest unquoted.

Maize—U.S. No. Three Corn Yellow afloat $132.50, March $132, April $133, May $134, July/Sept. $141, Oct./Dec. $146, Jan./March $154 sellers, April $132.25 traded.

Soyabeans—U.S. Two Yellow Gulfports afloat $261.25, March $261.25, April $264.50, May $267, June $272.50, July $275.25, Aug. 278.25, Sept. $281.75, Oct. $283.75, Nov. $283.50, Dec. $290, Jan. $293.75, Feb. $300.50, March $303.

Soyameal—44 per cent protein U.S. afloat March $228, April/May $226.50, April/Sept. $231, Nov./March $251. Brazil Pellets March $236, April $233, May $232, June/July $238, Aug./Sept. $238.50.

PARIS, March 13.

Cocoa (FFr per 100 kilos). March 1270-1305, May 1300-1310, July 1305, Sept 1340-1355, Dec. 1355-1365, March 1360-1375. Sales at call.

Sugar (FFr per 100 kilos). May 2055-2059, July 2075-2090, Aug. 2110-2120, Oct. 2170-2180, Nov. 2170, Dec. 2250-2300, March 2290-2340, May 2320-2380. Sales at call 22.

INDICES

FINANCIAL TIMES

Mar. 12	Mar. 11	M'nth ago	Year ago
296.47	294.25	313.63	270.46

(Base: July 1, 1952=100)

MOODY'S

Mar. 12	Mar. 11	M'nth ago	Year ago
1379.5	1310.4	1486.1	1056.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar 12	Mar. 11	Month ago	Year ago
Spot	413.51	421.75	473.22	380.99
F'tur's	456.09	440.04	472.19	385.95

(Average 1924-25-26=100)

REUTERS

Mar. 13	Mar. 12	M'nth ago	Year ago
1736.8	1756.8	1839.4	1540.5

(Base: September 18, 1931=100)

[illegible] 47.0, 120-160 lbs 37.0 to 44.0.

MEAT COMMISSION—Average fatstock prices at representative markets on March 13. GB—Cattle 82.09p per kglw (+0.28). UK—Sheep 164.1p per kg estdcw (+3.4). GB—Pigs 69.0p per kg lw (+0.3).

[illegible]

Colombian: Green 10-kg 6.00-6.50. Pineapples—Ivory Coast: Each 12's 0.50-0.80, 8's 1.00-1.10; S. African: 6/9's 2.70-3.40. Bananas—Jamaican: 26-lb 0.17. Tomatoes—Canary: 5.00-6.30. Onions—Spanish: 4.50-5.80; Canadian: 50-lb 4.30; Chilean: Cases [illegible]

LONDON STOCK EXCHANGE

Renewed oil sector strength imparts firmness to other equity sectors and 30-share index regains 2.1 to 447.0

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 25	Mar. 6	Mar. 7	Mar. 17
Mar. 10	Mar. 20	Mar. 21	Mar. 31
Mar. 24	Apr. 10	Apr. 11	Apr. 21

* "New time" dealings may take place from 8 a.m. two business days earlier.

Renewed strength in Oils before and after British Petroleum's preliminary results was largely responsible for a reversal yesterday of a continuation of Wednesday's downturn in equity markets. The early dullness followed the Prime Minister's overnight warning on television about economic recovery being a slow and painful process; the inconclusive end to the steel talks was another contributory influence, while United Biscuit's announcement of a £33.8m cash call was also a restraint on the market in the early trade.

However, the Oil market began to gain in confidence and helped other equity sectors to take a cautious turn for the better. An extremely good profit performance from Ultramar, coupled with a proposed 100 per cent scrip issue, injected fresh enthusiasm and the seal on the better tone was set by British Petroleum's annual figures. Despite considerable profit-taking, BP and Ultramar settled near the day's highest.

Many sectors of the market also experienced a higher turnover and the majority of leading industrials made steady progress. Much of the demand reflected professional bear-covering, but a small public interest developed and the occasional inquiry from institutional sources helped sentiment.

Apart from BP, 12 up at 366p, other constituents of the FT 30-share index ended only a penny or so dearer with the notable exception of ICI, which closed 8 higher at 370p. The index, after being 3.3 down at 10 am, closed a net 2.1 up on the day at 447.0, although falls in all FT-quoted industrials outnumbered rises by seven-to-two.

British Funds continued to lack scope awaiting the Chancellor's Budget proposals later this month and drifted idly in both directions. The only features to emerge concerned the Variable coupon issues: the 1981 stock was thought to be especially attractive and advanced ¼ to 95¼, but the 1983 issue managed an equally good rise of ⅛ to 91⅛. Movements elsewhere were mixed and confined to ⅛.

BP attracted as active Traded Options business on the annual results and contributed 208 deals to a total of 695 against Wednesday's 540. Also in demand were Cons. Gold Fields, 87 traded, and ICI, 72.

Midland softened 2 to 330p in front of today's preliminary results, but other major clearing banks closed a shade firmer. Barclays edged forward 2 to 422p and NatWest gained the turn at 325p. Elsewhere, Schroders added 5 to 475p in response to the annual results and proposed 100 per cent scrip-issue, while Arbuthnot Latham revived with an improvement of 6 at 216p. Profit-taking in the absence of further news of Hongkong and Shanghai's bid approach left Antony Gibbs 2 lower at 82p.

Narrow irregular price movements were the order of the day in Insurances after a moderate trade. Sun Alliance relinquished 6 to 560p and Royals cheapened a few pence to 330p.

Movements in Breweries were to lower levels and, although trading was exceptionally thin, the leaders closed with falls to 5. Bass, upset by pre-Budget nervousness, eased that amount to 214p, while Whitbread shed a couple of pence to 137p. Allied lost a further penny to 71½p, but Greenall Whitley added a penny to 180p. Regional issues were rarely tested, but Heavitree rose 15 in a narrow market to 925p in front of the impending scrip issue.

Building shares closed with a few scattered changes after a rather uninteresting trading session. Among Cements, Blue Circle, 302p, and Tunnel, 188p, both finished a few pence lower. Elsewhere, Taylor Woodrow gave up 4 to 256p and Tilbury Contracting shed 5 to 185p, but renewed buying interest was shown in Y. J. Lovell which firmed 6 more to 116p, while support was also forthcoming for IDC, 5 dearer at 170p. J. O. Walker, at 118p, held the previous day's gain of 14. The comment in yesterday's issue that Montague L. Meyer has an interest in the company was in error, but the stake referred to being held by Mallinson-Denny; shares of the last-mentioned held steady at 65½p, while Meyer hardened a penny more to 120p.

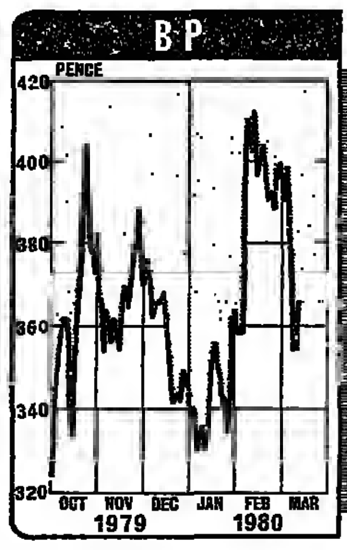
Helped to a certain extent by the revival in oil shares, ICI moved ahead to close 8 dearer at 370p, but other Chemicals trended easier.

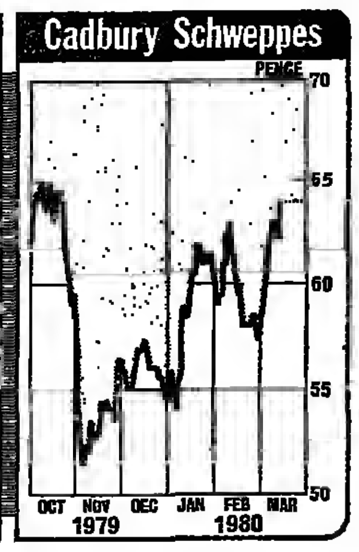
United Biscuits surprised the market by announcing a £33.8m rights issue and, following annual profits which proved to be a shade below general expectations, the close was 8 lower at 79p. Associated Biscuits eased a couple of pence to 81p in sympathy. Elsewhere in Foods, Cadbury Schweppes rose 2 to 64p after preliminary results which were deemed to be satisfactory, while British Sugar attracted renewed speculative support and ended 2 to the good at 167p.

Channel Tunnel stood out in miscellaneous industrials, jumping 73 afresh to 233p on increased hopes that further news and a possible definite decision on the project will soon be announced. Elsewhere, Gestetner A rose 4 to 80p following Press comment and Transport Development gained 3 to 71p in response to favourable annual results. Also drawing strength from trading news and details of a property revaluation surplus, Harris and Sheldon gained 2½ to [illegible]p, while Royal Worcester continued firmly, closing 8 better at 216p, on buying ahead of the preliminary results due later this month. Suspended on March 3 at 80p following news of a bid approach, dealings in Howard Tenens were resumed yesterday after it was disclosed that the talks have been called off; the shares opened at 70p before easing further to 65p and closing at 73p. De La Rue at 635p, lost 17 of the previous day's rise of 27, while Brokes Hill Proprietary shed 15 to 625p. Valor fell 3½ to 54½p and Vinten dipped a similar amount to 126p. The leaders traded quietly with Turner and Newall closing a further penny down at 108p after comment on the disappointing annual results. Rank Organisation lost 6 to 208p, but Glaxo gained 4 to 250p.

Among Leisure issues, HTV, hard-hit by last year's independent television dispute, reported halved interim profits and finished 5 lower at 91p. Recent speculative favourite Management Agency and Music met profit-taking and eased 2 to 138p, but Ladbroke, lower on Wednesday following the rejection of its casino licences appeal, recovered an early fall of 2 to close unchanged at 143p.

Motor Distributors remained subdued and changes were generally restricted to a penny or so either way. Henlys lost the turn to 93p following the discouraging tone of the chairman's annual statement, while further reflection on the annual profits setback clipped 2 more from H. Woodward, 42p. Scottish Ford dealers Alexanders hardened a fraction to 15½p in response to favourable Press comment, while Nelson David added a similar amount to 13p after the first-half figures.





Among easier Newspapers, News International, at 161p, lost the previous day's gain of 4 which stemmed from the disposal of the company's stake in LWT A. Associated fell 6 to 270p. Regional counters also turned lower, losses of 3 being recorded in Gordon and Gotch, 95p, and BPM A, 75p. Elsewhere, East Lancashire Paper added a penny to 67p following the annual results.

Properties gave a lacklustre performance with the closing trend mixed. Churchbury Estates added 5 to 490p as did Imry, to 335p, while London Provincial Shop continued firmly at 315p, up 3.

The preliminary results from British Petroleum were well received and helped to stimulate a lively trade in the Oil sector. BP touched 370p before settling below the best at 366p for a rise of 12, while Shell ended 6 to the good at 382p, after 386p. Among secondary issues, doubled annual profits and the proposed one-for-one scrip issue brought in buyers for Ultramar which advanced to 526p before ending a few pence below the best at 522p for a rise of 22 on the day. Siebens rallied further to 620p, but sellers appeared at this level and brought about a reaction to 600p for a rise of 10 on balance.

The suspension of dealings in Status Discount at 89p prior to the announcement that the company is involved in merger discussions immediately unsettled MFI Furniture, recently rumoured to be the former's suitor; MFI were sold down to 81p before rallying to close a net 5 off on balance at 84p. Maple became an erratic market, falling to 24p on fresh fears that the recent 30p per share bid from an unnamed concern has been called off before rallying to finish unaltered at 27½p on the Board's statement that the suitor has not withdrawn and that an increased offer is not beyond the realms of possibility. Grattan Warehouses encountered renewed speculative support and put on 4 to 88p, while A. G. Stanley gained 3 to 85p. Of the Store leaders, Debenhams rose 2 more to 90p on bid possibilities, while Woolworth hardened a fraction more to 70p following favourable comment on the results. In the wake of the previous day's large share-placing, Sears closed a shade off at 37p. Gussies A were friendless at 392p, down 8.

Slightly easier at the start, the Electrical leaders gradually edged higher and finished the day a few pence better on balance, GEC closing 4 dearer at 373p and Thorn a few pence harder at 318p. Elsewhere, prices were inclined lower in places. Eurotherm, 330p, and Berec, 107p, gave up 6 and 5 respectively. Petbow encountered occasional offering and reacted 4 to 40p, while recent speculative favourite Muirhead came back a similar amount to 186p. Against the trend, BSR firmed 1½ to 35½p following comment on the preliminary figures.

Lack of any further progress in the steel strike negotiations made for a slightly easier appearance in the Engineering leaders. GKN ended 4 lower at 266p, after being down to 264p, but Tubes managed to close without alteration at 286p, after 284p. Secondary issues recorded scattered losses. B. Elliott reacted 8 to 258p in a limited market along with Williams and James which gave up 5 to 198p. Amalgamated Power eased afresh to 87p before settling at 88p for a fall of 2, while falls of a similar amount were marked against Westland, 72p, and Expanded Metal, 65p. In contrast, Bromsgrove Castings came to life with a gain of 4 to 64p.

A Press article suggesting that the C.Y. Tung bid will be raised from 360p to 400p prompted firmness in Furness Withy which closed 8 up at 378p, after 380p.

Mining markets came under renewed heavy selling pressure following another bout of weakness in precious and base-metal prices.

The fall of $32 in the bullion price to a 1980 low of $555.50 depressed South African Golds.

The latter had opened on a steady note in reasonably quiet trading and began to edge higher over the lunchtime period following modest London and Continental interest.

However, persistent U.S. sellers entered the market prior to the afternoon bullion fixing and the selling gathered pace as gold fell to $545 at one point.

Consequently, heavy losses were sustained by share prices and the Gold Mines index resumed the downward path of recent days to register a fall of 13 to 299.5.

Heavyweights sustained losses to a point as a Durban Deep, £12, and Western Deep, £15½, while West Driefontein gave up ¾ to £29¾, President Brand ¾ to £15¼ and Hartebeest a similar amount to £24¼.

Medium and lower-priced issues showed Harmony 62 cheaper at 831p despite the higher-than-forecast final dividend, and Doornfontein 58 off at 500. Venterspost closed 14 easier at 544p, after being as high as 574p during the morning.

Substantial losses were also seen in Financials. Among South Africans, Johnnies dropped £1¾ to £28, General Mining 40 to [illegible]0p and Union Corporation 30 to 630p.

London Financials succumbed to local and overseas selling. The weakness of the bullion price prompted a fall of 20 in Gold Fields, to 478p, while Rio Tinto-Zinc were affected by the renewed decline in copper and dropped to 368p before closing 13 down on balance at 372p.

Charter were an exception to the general rule, however, as persistent investment demand enabled the shares to hold steady at 157p.

Platinums mirrored the sharp decline in free market prices for platinum. Rustenburg gave up 22 to 230p, Lydenburg 20 to 140p and Impala 16 to 270p. In Rhodesians, Falcon Mines responded to the sharply higher dividend with a gain of 10 at 630p.

Australians suffered widespread losses owing to renewed overnight selling in Australia and fresh falls in metal prices. Among the leaders, MIM Holdings retreated 13 to 225p, CRA 12 to 246p, Bougainville 10 to [illegible]34 and Seltrust "A" 11 to 165p.

FINANCIAL TIMES STOCK INDICES

—	Mar. 13	Mar. 12	Mar. 11	Mar. 10	Mar. 7	Mar. 6	A year ago
Government Secs.	64.10	64.08	64.18	64.15	63.85	63.94	71.06
Fixed Interest	64.82	64.82	64.76	64.70	64.72	64.74	71.91
Industrial	447.0	444.9	456.6	452.3	455.7	458.0	502.7
Gold Mines	299.5	310.8	288.6	357.5	352.5	369.3	156.5
Ord. Div. Yield	7.65	7.68	7.48	7.48	7.58	7.35	6.55
Earnings, Yld. % (full)	18.86	18.80	18.42	18.56	17.87	17.78	14.40
P/E Ratio (net) (*)	6.56	6.60	6.63	6.66	6.85	6.89	9.04
Total bargains	18,460	16,041	20,884	20,341	23,075	21,665	—
Equity turnover £m	—	110.92	85.27	90.77	126.88	106.66	112.94
Equity bargains total	—	15,963	14,702	15,024	17,768	16,211	23,647

10 am 441.6. 11 am 442.6. Noon 443.8. 1 pm 444.3.
2 pm 444.3. 3 pm 445.5.

Latest Index 01-246 8026.

*Nil=6.30.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.50 (18/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.75 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	408.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.6 (23/2/80)	126.6 (17/4)	442.3 (22/5/57)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 13	Mar. 12
—Daily		
Gilt Edged	116.3	130.5
Industrials	109.8	105.5
Speculative	48.2	70.0
Totals	75.1	75.2
5-d'y Av'r'ge		
Gilt Edged	127.3	134.0
Industrials	113.1	116.4
Speculative	56.4	58.8
Totals	82.6	84.7

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (11)

BRITISH FUNDS (1)
Funding 5¼pc 78-80
BANKS (1)
Brown Shipley
ENGINEERING (1)
Bromsgrove Casting
FOODS (1)
Associated Fisheries
INDUSTRIALS (3)
Office and Electronic Sale Tilney
Royal Worcester
PAPER (1)
Mills and Allen
TRUSTS (1)
City and Com. Inc.
MINES (2)
Rand London Coal Malay Dredging

NEW LOWS (40)

FOREIGN BONDS (1)
Iceland 6½pc '83-88
AMERICANS (1)
Cheseborough
CANADIANS (1)
Canadian Imperial Bk.
BANKS (1)
Deutsche Bank
BEERS (1)
Allied Breweries
BUILDINGS (3)
Modern Engineers Wiggins Construction
Tilbury Contracting
CHEMICALS (2)
Coats Bros. Coats Bros. "A" N.V.
STORES (4)
Amber Day Kitchen Queen
Boardman (K. O.) Upton (E.) "A"
ELECTRICALS (3)
Chloride Philips Lamps
Fidelity Radio Security Centres
Petbow Hldgs.
ENGINEERING (2)
Davy Corp. Habit Precision
Eva Industries
FOODS (2)
British Vending Robertson Foods
INDUSTRIALS (11)
Airfix Inds. Swire Pacific
English and Overseas Turner and Newall
Jentique Unilever N.V.
Norcros United Guarantee
Stalls. Potts. Wood and Sons
Searing Inds.
LEISURE (2)
Boosey and Hawkes HTV N.V.
Fairline Boats Zetters
RUBBERS (1)
Grand Central

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	325	47	60	—	—	—	—	369p
BP	330	—	—	60	5	70	—	"
BP	350	25	85	—	—	—	—	"
BP	360	—	—	42	7	56	—	"
BP	375	14	12	—	—	—	—	"
BP	400	8	27	—	—	—	—	"
BP	420	—	—	20	2	32	—	"
Com. Union	160	1	—	4	25	8	—	137p
Cons. Gold	420	64	28	62	—	—	—	478p
Cons. Gold	460	26	48	64	—	90	—	"
Cons. Gold	500	10	5	39	—	60	—	"
Cons. Gold	560	4	—	23	—	38	5	"
Courtaulds	80	2½	—	4½	73	6	—	69p
GEC	330	51	16	68	5	80	—	372p
GEC	360	28	10	46	—	58	—	"
GEC	420	3½	20	—	—	—	—	"
Grand Met.	130	5½	1	15	—	17½	—	128p
Grand Met.	140	2½	3	8½	—	13	—	"
ICI	390	6½	33	23	18	36	—	367p
ICI	420	3	—	18	21	25	—	"
Land Secs.	300	10	5	24	—	37	—	296p
Land Secs.	330	4	—	11	1	—	—	"
Marks & Sp.	100	2	—	6	6	10	5	91p
Shell	390	12	22	28	8	40	—	382p
Shell	420	4	5	12	25	23	—	"
Totals			381		194		10	
		May		August		November		
Boots	180	18	5	25	—	33	—	190p
Imperial Gp.	80	5	—	5½	—	8	27	76p
Racal Elec.	240	3	31	11	—	—	—	208p
RTZ	360	55	3	55	—	—	—	370p
RTZ	390	22	1	37	2	52	9	"
RTZ	420	10	19	23	—	35	2	"
RTZ	460	4	1	17	—	20	—	"
Total			60		2		38	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	28	6	56
Corpns. Dom. and Foreign Bonds	3	8	57
Industrials	110	385	900
Financial & Propy.	36	201	258
Oils	13	6	13
Plantations	1	12	12
Mines	28	38	38
Others	34	46	27
Totals	253	764	1,422

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Thurs., Mar. 13, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Mar. 12 Index No.	Tues., Mar. 11 Index No.	Mon., Mar. 10 Index No.	Fri., Mar. 7 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	240.42	−0.3	18.19	6.53	6.92	241.14	243.31	242.52	243.78	254.50
2 Building Materials (28)	234.27	−0.7	16.93	6.68	7.54	235.82	236.84	236.43	236.92	232.87
3 Contracting, Construction (28)	367.22	−0.4	25.70	6.59	4.75	368.80	370.17	369.75	371.00	383.56
4 Electricals (15)	620.77	+0.5	13.01	4.02	10.24	617.46	624.27	621.96	627.24	605.57
5 Engineering Contractors (11)	279.23	−0.8	26.52	9.17	4.80	281.36	283.23	286.44	289.04	394.77
6 Mechanical Engineering (74)	163.91	−0.6	20.93	7.96	5.93	164.84	166.57	165.88	166.57	194.10
8 Metals and Metal Forming (16)	165.76	−1.1	20.74	9.34	5.75	167.67	169.50	168.48	169.18	178.85
11 CONSUMER GOODS (DURABLE) (50)	216.29	−0.4	16.45	5.76	7.47	217.13	218.46	217.65	218.77	229.84
12 Lt. Electronics, Radio, TV (15)	306.51	−0.3	12.54	4.34	10.22	307.48	308.91	307.56	309.03	304.95
13 Household Goods (14)	106.98	−1.0	27.78	10.25	4.26	108.09	108.12	107.59	109.05	166.64
14 Motors and Distributors (21)	108.29	−0.4	24.61	8.63	4.77	108.77	110.00	109.83	110.30	123.71
21 CONSUMER GOODS (NON-DURABLE) (173)	218.21	−0.6	18.53	7.03	6.65	219.47	221.29	220.23	220.70	239.59
22 Breweries (14)	261.18	−1.2	16.93	6.72	6.93	264.36	266.84	266.32	267.15	254.43
23 Wines and Spirits (5)	297.27	−0.6	18.26	6.23	6.76	299.01	302.91	303.21	303.24	340.25
24 Entertainment, Catering (17)	298.64	−0.3	18.55	7.03	6.73	299.64	300.16	304.35	305.56	313.61
25 Food Manufacturing (19)	194.93	−0.7	20.93	7.63	5.90	196.30	197.99	197.85	198.05	220.16
26 Food Retailing (15)	300.85	−0.7	13.80	4.99	8.65	303.03	306.88	305.29	305.35	277.09
32 Newspapers, Publishing (13)	420.77	−1.5	23.98	7.20	5.69	427.15	426.72	426.03	428.75	421.63
33 Packaging and Paper (15)	126.39	−0.1	23.27	8.89	5.53	126.48	128.16	127.87	128.28	146.55
34 Stores (43)	221.25	−0.5	13.90	5.19	9.31	222.42	222.78	222.07	223.48	229.78
35 Textiles (24)	128.40	+0.1	27.65	12.00	4.56	128.27	129.66	128.64	129.24	182.15
36 Tobaccos (3)	199.83	−0.1	29.54	11.39	3.85	200.02	201.51	198.18	203.74	284.09
37 Toys and Games (5)	34.15	−1.0	44.03	14.86	2.88	34.50	35.00	34.85	34.79	93.28
41 OTHER GROUPS (97)	202.94	+0.1	17.04	7.11	7.05	202.66	204.61	204.23	207.24	214.89
42 Chemicals (17)	296.36	+1.3	20.66	8.02	5.54	292.43	296.52	296.57	306.00	301.23
44 Pharmaceutical Products (7)	210.74	+0.9	12.08	6.07	10.09	208.93	213.50	213.38	214.33	265.80
45 Office Equipment (6)	114.59	−1.7	18.56	7.13	6.21	116.52	115.94	115.10	115.83	145.72
46 Shipping (10)	466.99	−0.1	11.54	6.91	11.26	467.53	468.68	469.68	471.35	420.84
49 Miscellaneous (57)	239.07	−0.9	16.74	6.78	7.56	241.36	243.54	242.67	243.50	237.79
49 INDUSTRIAL GROUP (492)	225.95	−0.3	17.93	6.83	6.87	227.68	229.54	228.81	230.22	254.08
51 Oils (8)	776.54	+2.5	20.68	5.76	5.10	757.71	772.00	768.71	808.05	619.36
59 500 SHARE INDEX	270.32	+0.3	18.53	6.60	6.39	269.58	272.48	271.47	275.74	274.80
61 FINANCIAL GROUP (118)	192.97	−0.2	—	5.94	—	193.34	194.27	193.05	193.50	194.79
62 Banks (6)	211.63	+0.1	42.69	6.72	2.90	211.43	212.89	212.14	216.03	229.15
63 Discount Houses (10)	212.19	—	—	9.41	—	212.19	212.92	212.03	213.25	216.31
64 Hire Purchase (5)	185.20	−0.2	17.74	5.36	7.32	185.55	187.90	185.94	188.12	178.71
65 Insurance (Life) (10)	171.64	−0.2	—	6.16	—	171.95	173.32	173.22	172.79	151.45
66 Insurance (Composite) (9)	125.15	−0.5	—	7.85	—	125.83	128.17	125.87	125.25	139.95
67 Insurance Brokers (10)	283.67	+0.2	37.46	6.91	8.14	283.06	285.98	281.17	284.07	333.09
68 Merchant Banks (14)	102.19	−0.4	—	5.94	—	102.57	102.57	103.12	103.33	93.91
69 Property (45)	379.35	−0.2	3.58	2.77	40.12	379.93	371.80	364.35	363.98	325.67
70 Miscellaneous (9)	128.61	−0.8	16.16	7.11	8.13	129.63	129.28	129.81	130.55	123.32
71 Investment Trusts (109)	215.09	−0.1	—	6.05	—	217.38	217.91	217.20	219.14	231.32
81 Mining Finance (4)	192.05	−3.0	12.00	4.60	10.12	198.05	197.53	205.04	210.02	127.69
91 Overseas Traders (19)	395.67	−0.4	12.83	6.80	9.54	397.19	399.79	402.62	411.37	360.59
99 ALL-SHARE INDEX (750)	251.85	—	—	6.40	—	251.61	253.99	253.34	256.76	255.36

FIXED INTEREST PRICE INDICES

British Government	Thurs., Mar. 13	Day's change %	xd adj. today	xd adj. 1980 to date
1 Under 5 years	100.54	+0.05	—	2.30
2 5-15 years	102.80	+0.05	—	2.50
3 Over 15 years	106.95	+0.01	—	2.11
4 Irredeemables	118.32	—	—	1.78
5 All stocks	103.29	+0.05	—	2.16

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.		Thurs., Mar. 13	Wed., Mar. 12	Year ago (approx.)
1 Low Coupons	5 years	13.16	13.15	9.18
2	15 years	13.37	13.30	10.88
3	25 years	13.04	13.05	11.72
4 Medium Coupons	5 years	15.00	14.98	11.69
5	15 years	14.63	14.64	12.29
6	25 years	14.32	14.34	12.37
7 High Coupons	5 years	15.13	15.12	12.29
8	15 years	14.95	14.95	12.75
9	25 years	14.84	14.83	12.83
10 Irredeemables		12.58	12.58	11.39

	Thur. March 13 Index No.	Yield %	Wed. March 12	Tues. March 11	Mon. March 10	Fri. March 7	Thurs. March 6	Wed. March 5	Tues. March 4	Year ago (approx)
15 20-yr. Red. Deb & Loans (15)	48.58	14.90	50.08	50.06	50.06	50.13	50.20	50.19	50.26	36.33
16 Investment Trust Prefs. (15)	47.70	15.88	47.70	47.70	47.61	47.63	47.33	47.65	47.56	60.16
17 Coml. and Indl. Prefs. (20)	61.43	14.37	61.56	61.28	61.14	61.08	51.04	51.16	61.61	71.17

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Ultramar	25p	12	522	+22	526	197
BP	25p	11	366	+12	414	220½
Shell Transport	25p	10	382	+ 6	410	278
BAT Inds.	25p	8	283	—	325	225
Burmah Oil	£1	7	215	+ 3	249	83
ICI	£1	7	370	+ 8	415	314
Racal Elect.	25p	7	208	—	276	168½
GEC	25p	6	373	+ 4	456	311
Grand Met.	50p	6	128	+ 1	178½	110½
Tube Invs.	£1	6	286	—	436	250
Turner & Newall	£1	6	108	− 1	176	107
BTR	25p	5	330	− 4	347	219
Cons. Gold Fields	25p	5	478	−20	617	178
GUS "A"	25p	5	392	− 8	448	288
RTZ	25p	5	372	−13	492	226

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar. 3	Mar. 14	Jun. 12	Jun. 23
Mar. 17	Mar. 28	Jun 26	Jul. 7
Mar. 31	Apr. 11	Jul. 10	Jul. 21

For rate indications see end of Share Information Service

Money was given for the call in Howard Tenens, Premier Oil, UDT, Status Discount, Charter Cons., Muirhead, Sears, Turner and Newall, Tricentrol, Courtaulds, Furness Withy, Lonrho and Burmah. A put was done in Lasmo, while a double was arranged in Town and City.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1979/80 High	1979/80 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield	P/E ratio
50	F.P.	—	140	95	Berkley Exploration	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
£1	F.P.	21/3	102	100	Child Health Res'ch	101	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Eleco Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Keep Inv. Trust	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Lon. Merc't Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Roche Plant 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Webber Elect. Com.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1979/80 High	1979/80 Low	Stock	Closing price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Aurora 9.25% Cum. Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Clifford/Chas. 12% Cum. Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Globe Inv. Trst 11% Conv Uns Ln	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid Kent Water 6% Red Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rickm'nw'h & Uxbridge Wtr. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sutton District Water [illegible] Red Pref. 1985	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1979/80 High	1979/80 Low	Stock	Closing price p	+ or −
135	Nil	[illegible]	35pm	26pm	ACB Research	35pm	[illegible]
[illegible]	Nil	[illegible]	[illegible]	3pm	Bank of Montreal	3pm	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Cliff Oil	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Edwards (Louis C.)	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hammerson Prop. A	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Pancontinental	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at 83.50 per [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs. [illegible]

Lloyds Bank International, Geneva [illegible]

M & G Group [illegible]

Samuel Montagu Ldn. Agents [illegible]

Murray, Johnstone (Inv. Adviser) [illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd. [illegible]

Negit S.A. [illegible]

Negit Ltd. [illegible]

Pacific Basin Fund [illegible]

Phoenix International [illegible]

Quest Fund Mngmnt. (Jersey) Ltd. [illegible]

Richmond Life Ass. Ltd. [illegible]

Rothschild Asset Mgt. (C.I.) [illegible]

Rothschild Asset Mgt. (Bermuda) [illegible]

Royal Trust (C.I.) Fd. Mgt. Ltd. [illegible]

Save & Prosper International [illegible]

Schlesinger International Mngt. Ltd. [illegible]

Schroder Life Group [illegible]

J. Henry Schroder Wagg & Co. Ltd. [illegible]

Sentry Assurance International Ltd. [illegible]

Singer & Friedlander Ldn. Agents [illegible]

Standard Chartered Intl. Bd. Fd. [illegible]

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Surinvest (Jersey) Ltd. [illegible]

Surinvest Trust Managers Ltd. [illegible]

TSB Unit Trust Managers (C.I.) Ltd. [illegible]

TSB Gilt Fund Managers (C.I.) Ltd. [illegible]

Tokyo Pacific Holdings N.V. [illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V. [illegible]

Tyndall Group [illegible]

Unilife Assurance (Overseas) Ltd. [illegible]

Union-Investment-Gesellschaft mbH [illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd. [illegible]

Van Cutsem & Associates Ltd. [illegible]

S. G. Warburg & Co. Ltd. [illegible]

Warburg Invest. Mngt. Jrsy. Ltd. [illegible]

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OFFSHORE & OVERSEAS FUNDS

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FT SHARE INFORMATION SERVICE

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"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

103¼	96	FFI 13pc 1981	[illegible]	.....	13.41	15.79
108¼	93½	Do. 14pc '83	[illegible]	.....	14.77	15.65
86½	77½	ICFC 5½pc Deb. '80-82	[illegible]	.....	6.79	14.27
85	69	Do. 6¼pc Db. '81-84	73½	-½	8.77	15.60
99	79½	Do. 10¼pc Uns.Ln. '86	[illegible]	.....	12.69	15.40
99	77	Do. 11pc Uns.Ln. '88	85	.....	13.39	14.75
101½	80	Do. 11¾pc Uns.Ln. '90	[illegible]	.....	14.12	15.10
72½	54½	Do. 7¼pc ADeb. '89-92	[illegible]	.....	12.28	15.20
69	51½	Do. 7½pc A Db. '91-94	[illegible]	.....	13.30	15.00
72	64	Do. 9pc 'A' '91-94	[illegible]	.....	13.05	15.90
78½	61	Do. 8⅞pc Ln. '92-97	[illegible]	.....	14.31	15.00
102	84½	Do. 12½pc Uns. Ln. 1992	84½xd	.....	14.79	15.40

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

110	47	Clive Dis'nt 20p	47	.....	5.33	—	16.2	—
224	121	Com'l Aus. (SA1)	140	-2	†Q18c	3.0	6.7	4.9
£35	850	Com'zbk DM 10	850	-25	Q26.6%	—	8.2	—
£18½	875	C'hgn. Hbk. Kr100	875	.....	Q13%	—	15.3	—
41	20	Corinthian 10p	30	.....	†1.05	5.9	5.0	3.5
£24¾	£15	Cred. France F75	£17	.....	Q12.5%	—	6.1	—
13	5	Dawes (G. R.)	12	.....	—	—	—	—
£119½	£60½	Deutsche Bank DM50	£60½	-2	Q28.12%	—	6.1	—
90	55	F. C. Finance	60	.....	2.2	4.9	5.2	5.5
17	5¼	First Nat. 10p	14¼	-¼	—	—	—	0.9
4	1½	Do. Wrrts. 75-83	2	.....	—	—	—	—
266	178	Gerrard Natnl	206	.....	†9.12	—	6.3	—
84	38	Gibbs (A.)	82	-2	2.2	—	3.0	—

BANKS & HP—Continued

Hire Purchase, etc.

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[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL & GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
430	97	Coronation	330	−20	†054c	2.2	9.7
680	132	Falcon Rh.50c	630	+10	†Q100c	1.7	12.3
48	11	Rhod'n Corp. 16⅔p.	38xd	—	0.56	8.5	2.1
267	70	Roan Cons. K4	190	—	†Q0.12	♦	4.0
67	26	Wankie Col. Rh.1	59	−1	Q9c	1.5	10.5
57	9	Zam.Cpr.SBD0.24	34	—	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	23	—	—	—	—
24	4	ACM 20c	17	—	—	—	—
113	50	Bond Corp.	85	−1	Q3.75	2.2	2.2
234	100	Bougainville 50 Toea	164	−10	tQ39½c	♦	12.9
265	84	BH South 50c	225	—	—	—	—
25	11½	Canada Northwest	16½	−1	—	—	—
54	0	Carr Boyd 20c	22	−4	—	—	—
£26	340	Central Pacific	£18¾	−1	—	—	—
356	170	Conzinc Riotinto 50c	246	−12	Q15c	♦	3.2
39	14	Coltus Pacific N.L.	28	−1	—	—	—
*50	2½	Eagle Corp. 10c	30	—	—	—	—
26¼	11	Endeavour 20c	20	−¾	—	—	—
258	62	G. M. Kalgoorlie 25c	206	−2	†Q3c	—	0.8

[illegible]

TINS

[illegible]

COPPER

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	56	Messina R0.50	200	—	Q10c	♦	2.9

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
160	78½	Anglo-Dominion	150	+5	—	—	—
97	54	Barymin	80	−2	—	—	—
14½	10	Burma Mines 17½p	14	—	—	—	—
502	170	Cons. Murch. 10c	420	—	Q100c	♦	13.6
585	280	Northgate C$1	430	−5	—	—	—
492	226	R.T.Z.	372	−13	†11.5	3.4	4.4
32	12	Robert Mines	20	+½	—	—	—
65	26	Sabina Inds. C$1	40	+2	—	—	—
880	470	Tara Expln. $1	550	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✱ Regional price.
- ǁ No par value.

‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	28	—
Bertam	19	—
Bdg'wtr. Est. 50p	300	—
Clover Croft	60	—
Craig & Rose £1	£10½	—
Fife Forge	36	—
Finlay Pkg. 5p	22	—
Graig Ship. £1	£10½	—
Higsons Brew	80	—
Holt (Jos) 25p	255	—
I.O.M. Stm. £1	160	—
Pearce (C. H.)	400	—
Peel Mills	37	—
Sheff. Refrshmt	97½	—
Sindall (Wm.)	165	—

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	[illegible]	—
Nat. 9¾% 84/89	[illegible]	—
Fin. 13% 97/02	£78	—
Alliance Gas	60	−2
Arnott	400	—
Carroll (P.J.)	51	—
Clondalkin	106	—
Concrete Prods.	88	—
Helton (Hldgs.)	34	−1
Ins. Corp.	235	—
Irish Ropes	80	—
Jacob	36	—
T.M.G.	141xd	[illegible]
Unidare	103	—

OPTIONS
3-month Call Rates

Industrials

Stock	Rate	Stock	Rate
A. Brew	8	I.C.I.	32
BOC Intl.	6	"Imps"	7
B.S.R.	5	I.C.L.	45
Babcock	12	Inveresk	5
Barclays Bank	30	Ladbroke	15
Beecham	13	Legal & Gen.	14
Blue Circle	25	Lex Service	10
Boots	17	Lloyds Bank	24
Bowaters	16	"Lofs"	3½
B.A.T.	25	London Brick	6
Brown (J.)	7	Lucas Inds.	20
Burton 'A'	22	"Mams"	14
Cadburys	5½	Mrks. & Spncr.	9
Courtaulds	8	Midland Bank	30
Debenhams	8	N.E.I.	5
Distillers	21	Nat. West. Bank	32
Dunlop	5½	P & O Dfd.	9
Eagle Star	14	Plessey	16
F.N.F.C.	2½	R.H.M.	4½
Gen. Accident	21	Rank Org.	18
Gen. Electric	30	Reed Intnl.	17
Glaxo	40	Sears	5½
Grand Met.	12	Tesco	7
G.U.S. 'A'	30	Thorn	25
Guardian	25	Trust Houses	14
G.K.N.	22	Tube Invest.	27
Hawker Sidd.	16	Unilever	40
House of Fraser	12	U.D.T.	4

Stock	Rate
Utd. Drapery	9
Vickers	14
Woolworths	6½

Property

Stock	Rate
Brit. Land	7
Cap. Counties	9
Land Secs.	25
MEPC	17
Peachey	13
Samuel Props.	12
Town & City	2

Oils

Stock	Rate
Brit. Petroleum	38
Burmah Oil	20
Charterhall	12
KCA	11
Premier	12
Shell	35
Tricentrol	35
Ultramar	50

Mines

Stock	Rate
Charter Cons.	10
Cons. Gold	52
Lonrho	12
Rio T. Zinc	35

A selection of Options traded is given on the *London Stock Exchange Report page*

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Friday March 14 1980

Zimbabwe to honour standing debts

BY BRIDGET BLOOM, AFRICA EDITOR, IN SALISBURY

THE INDEPENDENT Government of Zimbabwe will honour the debt obligations of the previous Rhodesian Government provided they are not directly attributable to arms purchases, Mr. Robert Mugabe, the Zimbabwe Prime Minister designate, said here yesterday.

Addressing his first Press conference since he appointed his 23-member Cabinet on Tuesday, Mr. Mugabe also said his Government wanted to restructure the civil service to allow for Africanisation. He said that an independence date would probably be fixed "in the third or fourth week April."

Rhodesia's external debt is estimated at about £250m, of which about £100m is official sterling debt dating from before the Unilateral Declaration of Independence in 1965. The rest is post UDI debt to South Africa.

Mr. Mugabe said that any loan made to the previous Government specifically for arms purchases "we would have to think about," but the new Government was prepared to honour "any cash loans," including those from South Africa.

Mr. Mugabe clearly expects much help from Britain. He said his Government wanted British assistance in military, police and civil service training as well as advice on restructuring the broadcasting system.

He paid a warm tribute to Lord Soames, the Governor, whom he has asked to stay on for a few weeks to help build white confidence in the new Government.

"Why should we drive out so good a friend?" he said.

Emphasising that his Government's top priority was the resettlement of peasant farmers and war refugees, either individually or in collective units, Mr. Mugabe said offers of help had been received from the U.S., Sweden "and I take it all EEC countries." He had had messages of congratulation but no aid offers from Soviet bloc countries.

In a move which could alarm white civil servants, Mr. Mugabe said that the public service needed restructuring, particularly to allow for greater Africanisation. His Government had already had complaints from civil servants that "we are rendering some people jobless."

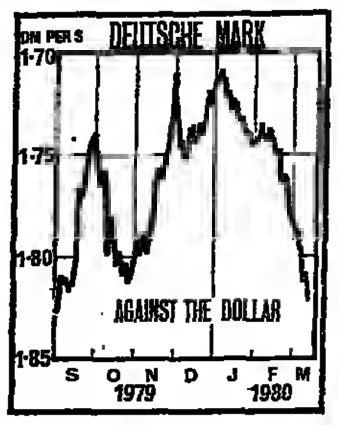
But, he said, "we must balance the need for change with the need to retain skills," most of which belonged to whites.

In an important clarification of new Ministerial duties, Mr. Mugabe said that the function of the key Home Affairs Ministry allocated to Patriotic Front leader Mr. Joshua Nkomo, had been changed. Now more akin to the British Home Office, it will deal with immigration and have control of the police, but not the intelligence service, which will remain with the Prime Minister.

Removed from it will be the provincial and district administration of the tribal trust lands where most Africans live. This will come under the local Government Ministry, headed by Mr. Eddison Zvobgo. He is charged with working out a uniform local government system for black and white and rural and urban areas.

Germany to relax capital import curbs in bid to boost D-mark

BY KEVIN DONE IN FRANKFURT



THE WEST GERMAN monetary authorities and the Government have agreed to ease restrictions eralRepnblicaspartofaseries.
on capital imports into the Federal Republic as part of a series of measures aimed at stabilising the currency and reducing rising currency outflows.

At a meeting of the Bundesbank Central Council, attended by Herr Manfred Lahnstein, State Secretary at the Finance Ministry, it was agreed to allow foreigners to hold domestic fixed interest securities with a maturity of more than two years—effectively halving the existing limits.

In a sharp reversal of policy brought about by the country's mounting deficit on the current account, the Bundesbank also agreed to a similar relaxation of the rules governing the sale by commercial banks to overseas investors of Schuldscheine, Deutsche Mark denominated promissory notes. Only Schuldscheine with a maturity of two years or less will be unavailable for sale abroad.

A few weeks ago, the Bundesbank and the commercial banks reached a "gentleman's agreement" to tighten the restrictions on the sale of Schuldscheine to overseas investors. But the rapid alteration in international financial conditions and West Germany's realisation of its changed monetary circumstances have forced the Bundesbank to follow a new path.

Since the beginning of the year, the Central Bank's official currency reserves have fallen by DM 11.5bn (to the end of last week). They fell by DM 3bn, to a total of DM 79.2bn, last week alone. Dealers estimate that there has been a further outflow of some DM 3.5bn this week.

The major reason for this decline has been the scale of intervention by the Bundesbank in the foreign exchange markets to try to halt the fall in the value of the Deutsche Mark against the U.S. dollar.

Interest rate increases — two weeks ago the Bundesbank raised the discount rate to 7 per cent and the lombard rate to 8.5 per cent — have had little effect in halting the weakening of the D-Mark.

According to foreign exchange dealers in Frankfurt, the much higher level of U.S. interest rates is still the major fatcor behind the continuing strength of the dollar. Yesterday, the dollar opened at DM 1.8080, and despite further Central Bank intervention, it had strengthened by the close of trading to DM 1.8210.

Restrictions on capital imports were introduced in West Germany in a series of moves from May 1971 onwards.

Last year, however, the current account of the balance of payments went into deficit for the first time since 1965—the 1979 deficit of DM 9bn is expected to more than double to about DM 20bn this year. It has become clear the restrictions are no longer desirable for a deficit economy.

Herr Karl Otto Pöhl, president of the Bundesbank, said yesterday than an additional deficit of about DM 10bn could be expected this year on the capital account through the export of long-term capital.

The still high currency reserves of the Bundesbank—the highest of any country in the world—were not to be used to finance the current account deficit, he said — a clear indication that the West German Government is likely to emerge as a borrower of foreign funds, particularly from OPEC countries.

United Biscuits in £35m rights issue

BY ARNOLD KRANSDORFF

SHAREHOLDERS of United Biscuits (Holdings), Britain's largest biscuit manufacturer, are being asked to subscribe almost £35m to help pay for a large expansion programme.

The cash, which is being raised by way of a rights issue, will be spent mainly on the UK biscuit operations—the group's major profits earner—where £100m has been earmarked for investment over the next five years.

A total of 51.34m new ordinary shares are being offered at 68p a share on the basis of one for five. On the Stock Exchange yesterday the shares fell 8p to 79p, reducing the discount on the offer price from 22 per cent to 14 per cent.

The issue will bring the total raised by UB rights issues during the past five years to nearly £78m. In the same period, the amount spent on acquisitions and capital assets has topped £200m.

The last major rights issue in the market was in December, when Pilkington Brothers raised just over £62m.

Sir Hector Laing, UB's chairman, said yesterday that, while cash generated by the business made a substantial contribution towards expenditure, loans had risen from £54.5m at the end of 1977 to £78m at the end of last year.

In spite of the difficult economic climate, the company wanted to increase its capital investment this year to about £61m, of which about £15m would be spent in the U.S.

Sir Hector said pre-tax profits last year increased marginally from £42.2m to £43.7m—in line with his earlier forecast. Dividends are being raised by more than a fifth to 3.7p at the net level, and he expects the payout will at least be maintained in the current year on the increased capital.

Explaining the timing of the rights issue, Sir Hector said: "We thought we should take advantage of the current situation and keep our gearing on the low side."

Sir Hector said he would not be taking up his rights allocation, which would cost him about £300,000. "I just haven't enough money. I would if I had."

Apart from biscuits (McVitie and Crawford brands), the group makes KP crisps and nuts, operates the Pizzaland fast food chain and holds the Wimpy snackbar franchise. In the U.S. the group has substantial interests through Keebler, a biscuit manufacturer, and Speciality Brands, a maker of spices and salad dressings.

Weather

UK TODAY

DRY with sunny periods, some cloud or rain in the South East and N. Ireland.

London and E. England
Cloudy, some rain, cold. Max. 6C, 43F.

E. Midlands, Central S. England
Dry, cloudy later. Cold. Max. 8C, 46F.

Rest of England, Wales, Isle of Man, S. and N.E. Scotland
Sunny periods after early mist and frost. Cold. Max. 8C, 46F.

Argyll, N.W. Scotland, Orkney, Shetland, N. Ireland
Dry, some cloud. Cold. Max. 7C, 45F.

Outlook: Dry, some rain in South East and West. Rather cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	13	55	Locarno	R	6	43
Algiers	S	18	64	London	F	7	45
Amsdm.	C	7	45	Luxmbg.	R	5	41
Athens	S	14	57	Luxor	S	25	77
Bahrain	C	25	77	Madrid	S	11	52
Barclne.	C	14	57	Majorca	C	17	63
Beirut	S	16	61	Malaga	F	20	68
Belfast	R	3	37	Malta	S	14	57
Berlin	S	7	45	Mchstr.	S	6	43
Biarritz	C	7	45	Melbne.	S	25	77
Bmghm.	S	7	45	Mex. C.	S	26	78
Blackp'l	R	7	45	Milan	C	9	48
Bordx.	R	8	46	M'ntreal	S	−8	17
Boulgn.	C	5	41	Moscow	S	1	34
Bristol	F	7	45	Munich	F	7	45
Brussels	R	6	43	Nairobi	S	25	78
Budpst.	S	9	48	Naples	S	13	55
B. Aires	S	31	89	Nwcstl.	S	7	45
Cairo	S	22	71	N. York	C	−2	27
Cardiff	F	7	45	Nice	R	8	46
Cas'b'ca	S	18	64	Nicosia	S	16	61
Cape T.	C	25	77	Oporto	C	12	54
Chicago	Sn	1	34	Oslo	C	2	36
Cologne	R	8	46	Paris	R	5	41
Cpnhgn.	S	3	37	Perth	S	29	84
Corfu	F	13	55	Prague	C	2	36
Dublin	S	6	43	Reykjvk.	F	−1	30
Dbrvnk	C	10	50	Rhodes	S	14	57
Ednbgh.	F	7	45	Rio J'o	S	32	90
Faro	F	17	63	Rome	S	15	59
Florence	C	9	48	Salzb'rg	S	9	48
Frankf't	R	6	43	Singapr.	S	31	88
Funchal	S	17	63	Stckhm.	C	−1	30
Geneva	R	3	37	Strasb'g	C	10	50
Gibrltr.	S	19	66	Sydney	R	21	70
Glasgow	R	6	43	Tangier	S	17	63
G'rnsey	R	7	45	Tehran	S	14	58
Helsinki	S	−4	25	Tel Aviv	S	16	61
H. Kong	S	18	64	Tenerife	C	21	70
Innsbrk.	F	10	50	Tokyo	S	10	50
Invnss.	S	6	43	Toronto	Sn	−7	19
I.o.Man	S	6	43	Tunis	S	15	59
Istanbul	C	4	39	Valencia	S	20	68
Jersey	S	7	45	Venice	F	10	50
Jo'burg	C	18	64	Vienna	C	5	41
L. Plms.	S	21	70	Warsaw	C	−2	28
Lisbon	S	14	57	Zurich	C	9	48

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Sea Containers to sell ships

BY IAN HARGREAVES IN NEW YORK

SEA CONTAINERS, one of the world's largest container and ship-leasing companies, is to sell more than a third of its ships and possibly its London hotel interests.

The company, which is in New York but managed in London, made the announcement yesterday in a year-end earnings statement which shows that high interest rates and over-capacity in container shipping threaten to squeeze it very severely this year.

Net profits last year, helped by a $4m tax credit, were up by 6 per cent to $27.9m on sales up 20 per cent to $163m.

But the group ended the year with $292m of debt on the equipment it leases to operators tied to floating U.S. or Interbank interest rates.

The interest burden on this debt, combined with high operating costs and pressure on the leasing rates Sea Containers charges its customers, has resulted in the decision to sell off a major portion of assets.

These will include 14 ships, for which Sea Containers hopes to receive $100m, and possibly the portion of the King's Reach development on the Thames which the company intended to develop as a hotel.

Mr. James Sherwood, the company chairman, said Sea Containers was "somewhat stymied" in its hotel plans because of the "excessive current cost of money."

It has already completed part of the building as its headquarters, but intends to look for a buyer or partner for developing the 450,000 sq ft hotel. The company paid $17.8m for the property in 1978.

"It is impossible to charter out some of our ships profitably when interest on the debt is approaching 20 per cent per annum, and even in the case of certain debt-free or low-debt vessels high operating costs are preventing us from achieving a satisfactory return," said Mr. Sherwood.

He said the group was trying to revise its debt structure by converting some floating U.S. dollar debt into other currencies.

New equipment purchases—two ships are due for delivery and the company is negotiating for purchase of 14 more on behalf of U.S. lines—would be financed with Government-supported fixed and reasonable interest rates.

The group owns 175,000 containers and 40 ships, making it one of the two largest container owners in the world. It manufactures containers, and recently announced a plan to build containers in China.

London hotel back on market, Page 36

Continued from Page 1

BP

North Sea.

Once again BP has benefited from rising production in the North Sea, the source of some of the most highly-priced oil in the world.

Production from the group's share of the Forties and Ninian fields averaged 504,000 b/d in 1979 compared with 471,000 b/d in 1978.

The Forties field, developed when oil prices were at a fraction of today's levels, is known to be one of the most profitable discoveries in the North Sea.

The recent increases in oil prices—they virtually doubled last year—have prompted the Government to review petroleum revenue tax, a possible source of additional revenue which may be announced in the Chancellor's Budget speech later this month.

BP said yesterday that last year its petroleum revenue tax payments accounted for £497.6m of its total £556.8m UK tax contribution.

EEC rejects U.S. claim for fibres compensation

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN COMMISSION has rejected a demand by the U.S. Government for special trade compensation for the import curbs recently imposed by the UK on man-made fibres.

The U.S. is pressing for tariff concessions on a wide range of American goods sold to the UK. The total cost to Britain of its demands is put at £24.8m ($55m).

U.S. negotiators announced their demands at special talks in Geneva this week under the General Agreement on Tariffs and Trade (GATT). European Commission officials in Brussels yesterday described the claim as a "total exaggeration," and emphasised that the UK quotas had had no injurious effect on American industry.

In London, senior Department of Trade officials said the UK is "strongly opposed" to the U.S. demand for compensation and is "challenging both the principle and the arithmetic" of the Americans' case.

The U.S. is seeking tariff reductions not only on yarns, piecegoods such as bedlinens, and fabrics, but on a variety of non-textile products.

The British quotas were approved by the EEC last month after the UK had proved that low-cost U.S. polyester and nylon yarns produced from cheap petro-chemical feedstock were swamping the British market.

Other EEC fibre-makers are now pressing for comparable protection. They complain that the U.S. export surge will cost them £500m this year.

Rejection of the U.S. demands will do little to improve trade relations between the EEC and the U.S., which threaten to deteriorate into a protectionist "trade war" over textiles, steel and food products.

Dislocation fears grow as steel talks fail

By Christian Tyler, Labour Editor

THE PROSPECT of growing industrial dislocation resulting from the national steel strike grew yesterday after the virtual collapse of the latest pay negotiations between British Steel Corporation and union leaders.

Unions at the centre of the dispute have started to spread the picketing to steel-users. They are trying to shut a number of major manufacturing companies in the next week in an attempt to stiffen the morale of 130,000 BSC workers facing considerable hardship in the 11th week of their dispute.

A list of targets has been drawn up, including Ford Motor's Dagenham plant, where shop stewards were asked to tell the whole workforce not to cross steelman's picket lines.

In tensification of the action is designed to rally support for the union's leadership's rejection of BSC's 14 per cent pay offer before a possible move by BSC to conduct its own ballot on the offer.

At this stage the chances of a ballot conducted by the unions look small, but the possibility was not ruled out yesterday by Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation.

Much will depend on discussions inside all 13 unions in the next five days.

In the Commons Mrs. Margaret Thatcher insisted again that it was for the parties to find their own settlement. She said that legislation to reduce State benefits to strikers' families would be announced in the next few weeks.

The strongest warning of trouble ahead for manufacturing industry came from the West Midlands region of the CBI, which said that companies could be in extreme difficulties within two weeks because of the spread of picketing.

Action against both import and transport of steel had become more effective. But there would be no pressure from the CBI on BSC to accept an inflationary pay deal, the CBI said.

In other areas, including Manchester, companies seem to be in little difficulty, with stocks of up to four weeks replenished by imports.

In Sheffield about 3,000 men were reported to have struck in sympathy or refused to cross picket lines at companies including GKN, GEC, Davy Loewy and Record Ridgway. But most engineering companies remain unaffected.

ISTC officials claimed to have blocked almost all imports of steel through East and South Coast ports with the help of transport workers.

Steel destined for Britain has been impounded in Boulogne by French dockers, and a shipment of tinplate from the U.S. stopped at Heathrow.

A third of the canning industry was now laid off, the union said.

BSC is to launch a publicity campaign, including newspaper advertisements, to gain acceptance for its pay offer of 10 per cent nationally and an extra 4 per cent minimum in return for redundancies negotiated at works level.

Mr. Bob Scholey, chief executive, said BSC was reserving its position on holding a pay ballot until the unions declared their hand next Wednesday.

He was reluctant to "inflame things" by going over the unions' heads.

It would take only a week to hold a ballot, since the machinery was set up for the recent BSC poll of strikers' willingness to vote on the offer itself.

"We think there is a great urge to get back to work," he said.

Mr. Sirs replied that he did not think the unions would hold a ballot.

The last BSC ballot had recorded an overall minority of strikers ready to vote again, despite the 2-1 result in BSC's favour. Some of those who said Yes wanted the chance to vote No, he claimed.

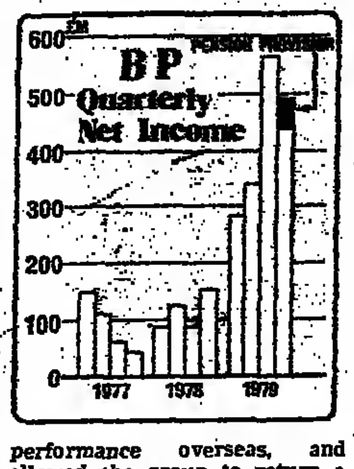
"So even if we were to ballot the members, it would be rejected."

Strike effects, Page 8

THE LEX COLUMN

A question of a billion at BP

Index rose 2.1 to 447.0



BP's net income for 1979 is well up to market expectations, at £1,621m against £444m, and would have been £55m higher still if the group had not topped up its UK pension funds in the final quarter. Curiously, it was at the time of the last stock appreciation bonanza in 1974 that BP last made a similar provision—though BP argues that it just happened that the actuary was due to cast his eye over the funds last year.

Even adding back to £55m, the final quarter turns out to have been marginally less profitable than the third, with net income of £493m against £562m. Within this, there was a continuing upward trend in the contribution from Sohio, and rising prices must have boosted North Sea profits somewhat.

Consequently the slight late dip in net income suggests that the loss of former crude sources like Iran and Nigeria and the corresponding need to buy in expensive spot crude were biting into margins. The retrospective price rises imposed by OPEC producers later in the year made matters worse.

As with Shell, the BP statement is notable for its concentration on the misleading nature of the FIFO results. Interestingly, however, BP is going over to current cost figures — which Shell has rejected as being inappropriate for oil companies.

It is BP's second swift change of direction on the presentation of figures. In the first quarterly statement in June it was talking about stock appreciation, by quarters two and three it was calculating a LIFO/FIFO adjustment, and now it has gone over to SSAP 16-type CCA figures. In fact BP says that the figures are not so inconsistent as might appear, for both the LIFO and current cost adjustments come to about £1000m for the full year. In all, the current cost basis trims annual net income to £602m, raising the p/e at 366p from 3.4 to 9.1. The yield is 7.1 per cent.

This year Sohio's earnings will be strong, and 1979's £80m exchange loss on dollar holdings should not be repeated. Ahead of the Budget, however, there is something of a tax shadow over the North Sea.

Cadbury Schweppes

Few non-oil companies will have achieved anything like Cadbury Schweppes' 44 per cent improvement in UK trading profits last year (almost 50 per cent in the second six months taken separately). This has compensated for a lacklustre performance overseas, and allowed the group to return a rise of 19 per cent in pre-tax profits to £57.3m, slightly above the range of analysts' expectations. Benefits from past investment programmes appear to have produced the big step forward in the home market, where the largest gains have been made in soft drinks.

Group debt has stabilised at around £112m, but Cadbury is being cautious about its dividend policy, with a gross payment up only 8 per cent. At 64p the 2.6 times covered yield is 9 per cent, and the shares look solid enough even though the UK confectionery trade has begun 1980 in a very flat style.

United Biscuits

United Biscuits' determination to improve its assets makes it constitutionally cash-hungry. Yesterday it came to the market for its third rights issue in less than five years, a one-for-five to raise £34½m. The last two issues, in 1975 and 1977, were designed to bolster the balance sheet just after and just before significant acquisitions — this time UB is planning a £100m spending programme in its UK biscuit business, the division which has provided the bulk of internal funding for earlier diversification.

The UK biscuit market is growing very slowly—no more than 1 per cent a year on average, and this year it will contract if the recent build-up of manufacturers' stocks is anything to go by. UB feels that profits growth can still be achieved by reducing costs, which means heavy spending, and a reduction in the labour force. In the group as a whole capital spending will be £61m this year, before any acquisitions, and the rights issue is intended to keep gross debt below 30 per cent of capital employed.

The money being raised will offset the increase in UB's net borrowing in 1979, a year which saw the £59m takeover of Speciality Brands. The group's anxiety to preserve a cautious level of gearing suggests that it wants to leave room for another big acquisition, if not this year.

So the first major rights issue since Pilkington's in December has not come from a weak company with a desperate need to reduce gearing, but from a group with 2.8 times current cost cover for its dividend. Perhaps the companies which need rescuing through an injection of equity would find the market unreceptive.

While it is hard to fault UB's long-term strategy, the short-term costs are heavy for the shareholders. Fully-taxed earnings this year look like being in the 8p region for the fifth year running, and the shares may be condemned to the period of underperformance that rights issues now seem to bring inevitably in their train.

Ultramar

A further sharp improvement in the final quarter has pushed up Ultramar's net profits for the year from £8.6m to £46.5m. Buoyed by a final dividend of 10p—against the 5p forecast—the share price rose 22p yesterday to 522p, for a yield of 4 per cent and post-tax p/e of about 5.

In Indonesia, the rise in energy prices through the year has multiplied LNG margins by a factor of about three, to produce about £16.5m. Most of the remaining profits come from Canada, where the second half oil shortage transformed margins, making the downstream Eastern activities highly profitable, even though the shortage of Western crude still puts the company at a disadvantage against its competitors.

Stock profits are unlikely to have been substantial, while this year's figures will not be burdened with the £15.5m Iranian write-off. Indonesia will show further growth — with average margins double those of 1979. A possible summer oil glut in Canada could even work to the group's advantage, by allowing it the opportunity to obtain long-term contracts for Western crude. Longer-term, while 1981-82 may see a profits plateau, the doubling of Indonesian gas production and the start-up of Maureen will begin to show through in 1983.

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